

Hungary Dissolves Old Party

Communists Vote A Western-Style Socialist System

By Henry Kamm
New York Times Service

BUDAPEST — The new Socialist Party spent Sunday, the first day of its existence, at the success to the Communist Party, under fire from its liberal and orthodox wings and admitting that it had not yet defined its new identity.

Saturday night, by a vote of 1,005 to 159, the congress of the Socialist Workers Party — as the Communists had been called since 1956 — transformed itself into the Socialist Party and declared that it had shed its Bolshevik model in favor of that of a European party of the left.

Although the congress is dominated by Communists who declare themselves in favor of far-reaching renewal of a party that most members say has outlived its capacity to act in a more open and technologically advanced world, its membership nonetheless comprises varying political tendencies.

Among them only the largest group, centrists represented by Károlyi Miklós, the party leader, appeared to be satisfied with the compromise that produced Saturday's heavy majority.

On the side of the orthodox Communists, who were the principal losers, there were murmurings of dissatisfaction and mutterings of speaking away, Károlyi Groz, the general secretary until the congress opened Friday, told Napszabadsag, which had been the party's official daily newspaper, that he would register as a member of the



Two East Germans lighting candles Sunday at Gethsemane Church in East Berlin at a service for political prisoners and protesters who have been detained.

U.S. Commander Was Cleared to Detain Noriega

By Bob Woodward
and Joe Picirallo
Washington Post Service

WASHINGTON — The commander of U.S. forces in Panama was authorized to covertly remove General Manuel Antonio Noriega to a U.S. military base during the coup attempt last week by rebel Panamanian officers, but the uprising collapsed at about the time he received the authority, according to Bush administration and congressional sources.

General Colin L. Powell, chairman of the Joint Chiefs of Staff, relayed the authorization early Tuesday afternoon in a secured

telephone conversation with General Maxwell R. Thurman, commander of U.S. forces in Panama, the sources said.

General Powell gave General Thurman strict orders that, if he acted, the mission was to be carried out without a visible display of U.S. forces and could involve military personnel operating undercover, the sources said. He also was said to have been given the option of allowing the rebels to deliver General Noriega voluntarily to a U.S. base.

General Thurman was told to avoid the possibility of an armed conflict with forces loyal to General

Noriega, the rebels or any other Panamanians, the sources said.

General Powell also was said to have instructed General Thurman to develop a plan to dispatch uniformed U.S. forces to capture General Noriega and bring him to a

The Bush administration responded strongly to charges that it bungled the coup attempt. Page 5.

U.S. base in Panama. But General Thurman apparently was told that the Pentagon would need specific approval from President George Bush before he could carry out that option.

Congressional sources said that they were told that General Powell's authorization to General Thurman had been cleared by Defense Secretary Dick Cheney.

[Secretary of State James A. Baker 3d and Mr. Cheney confirmed Sunday that the U.S. military commander was authorized to seize General Noriega if he could do so without bloodshed or using military force, Reuters reported from Washington.]

Officials said that as the coup attempt progressed Tuesday, administration officials in Washington thought it might succeed, particularly after the rebels told U.S.

officials in Panama that they had General Noriega in custody.

But by early that afternoon, pro-Noriega forces had arrived in Panama City, surrounded the military command headquarters where General Noriega was being held and forced rebel soldiers to surrender.

The authorization given in General Thurman is the latest indication that the Bush administration was prepared to play a more active role in the coup attempt than officials initially acknowledged.

Incomplete and conflicting accounts of the coup attempt provided. See PANAMA, Page 5

Asian Officials Fear Falling European Investment

By Michael Richardson
International Herald Tribune

KUALA LUMPUR, Malaysia — Asian officials and economists say that European investment and influence in Asia are likely to diminish over the next few years despite repeated assurances from Europe that a single market beginning in 1992 will resist protectionism and remain outward-looking.

Although some analysts think that a resurgent Europe will regain interest in the expanding markets of Asia and the Pacific by the second half of the 1990s, many worry that a European Community preoccupied with internal economic challenges and changes sweeping through Eastern Europe will allow other economic powers, especially Japan, to consolidate a preeminent position in the region.

"There's a real fear of loss of European interest in Southeast Asia," said Norodin Sopie, director general of Malaysia's Institute of Strategic and International Studies.

A strong European economic

presence in the region "is perceived to be very much needed, partly as a way of avoiding a one-sided dependence on Japan," said Djsman S. Simadjoetjark, an Indonesian economist.

Rafiah Aziz, Malaysia's minister of trade and industry, noted that investments in ASEAN from the 12 EC countries since the mid-1980s, when plans for European economic union gathered momentum, have increased "at a very slow pace compared with those from Japan and the United States, even

with an attractive investment climate."

ASEAN, the Association of South East Asian Nations, groups Malaysia, Indonesia, the Philippines, Thailand, Singapore and Brunei.

Progress toward a single market in 1992, said Nimit Nootapornhawit, chief economist for Thailand's Bangkok Bank Ltd., "will make most EC firms, big or small, financial or nonfinancial, become more inward-looking at least in the short term."

Economic union in Europe will increasingly absorb European resources, Asian analysts said.

There are already clear signs that Japanese, American and, more recently, South Korean and Taiwanese investment is being diverted away from Asia into Europe to secure manufacturing and trading positions there before 1992.

"The rush by foreign investors to establish a foothold in the EC in order to be able to share the rights and benefits of EC market integration. See ASIANS, Page 5

Dissidents Fear A Crackdown in East Germany

Biggest Protests Since 1953 Lead to Hundreds of Arrests

By David Remnick
Washington Post Service

BERLIN — East Germany's hard-line Communist leadership called the weekend's nationwide anti-government demonstrations on Sunday the work of hooligans incited by the Western press, while, with hundreds of protesters already in jail, dissident leaders said they feared a more severe crackdown.

The demonstrations in Berlin, Leipzig, Potsdam, Dresden, Karl-Marx-Stadt and several other cities around the country were the biggest since the Soviet Union sent in tanks to crush an anti-Communist workers' uprising in 1953. Dissident leaders said the protests could be the first major event in a protracted struggle with Erich Honecker, the 77-year-old East German leader.

[Witnesses said that about 2,000 pro-democracy demonstrators were staging a sit-down strike in East Berlin on Sunday and that a huge deployment of soldiers and policemen had blockaded the area. The Associated Press reported.]

[At least 10 persons were arrested as protesters began a sit-down strike Sunday night on East Berlin's Schönhofstrasse, the witnesses said.]

Spokesmen at East Berlin's Gethsemane Evangelical Church, which has been a sanctuary for hunger strikers and young people seeking political change, said that about 700 people were arrested and 100 injured in clashes with the police and secret service Sunday night and Sunday morning.

The police used riot clubs, tear gas, dogs and water cannons on the protesters, and chased them from buildings and alleys in beat them. Camera crews were beaten, film was confiscated, and a British reporter was arrested and detained for several hours before being forced to leave for West Berlin.

About 5,000 people took part in the demonstration near East Berlin's Alexanderplatz, marking this week's 40th anniversary celebrations with slogans such as "Happy birthday, police state!" The crowd, which started in the hundreds, grew larger as young people shouted to people to nearby teemotes.

"Come down here. It's now or never!"

On Sunday morning, the leaders of New Forum, the Initiative for Peace and Human Rights, Democracy Now and other organizations, said that they supported the decisions of the thousands of East Germans who have left the country in recent weeks but that they themselves planned to stay and wage a nonviolent campaign for political change.

About 50 pro-democracy activists in Schwane, outside Berlin, announced Sunday that they had formed a Social Democratic Party, the first in East Germany since the Social Democrats were forcibly "united" with the Communist Party in 1946. The activists called for full democratization and the separation of the state from Communist Party dominance.

New Forum, which has been out-

In Berlin, Symbols In Small Gestures

By Jim Hoagland
Washington Post Service

BERLIN — As they marched past the reviewing stand studded with the world's most important Communist leaders, tens of thousands of cheering East German youths caught a glimpse of two small gestures large in political symbolism.

There stood President Mikhail S. Gorbachev, communism's leading apostle, waving to them in a friendly but slightly disengaged manner with an open palm. Beside him, energetically pumping the night air with the clenched fist long favored by Communist militants, stood the East German leader, Erich Honecker.

Throughout Mr. Gorbachev's two-day visit, which ended Sunday, the style and the words of the two leaders richly demonstrated that they represented not only two different generations but also two different, competing views of the world and of the need for change in the Communist system.

Mr. Gorbachev returned to Moscow without giving any public hint that he had pushed Mr. Honecker's emboldened but unyielding government to make changes that might stem the outpouring of East German citizens, almost 50,000 of whom have fled in West Germany in the past month.

But the lack of personal praise for Mr. Honecker in his half-hour speech Friday night was striking

for some diplomats in the 5,000-strong audience. So was Mr. Gorbachev's failure to join Mr. Honecker in sharp criticism of West Germany for its role in aiding East Germans to flee to the West this summer.

Instead, the Soviet leader spoke of his desire to continue developing "beneficial" relations with West Germany, which the Soviets see as the primary source in Western Europe of badly needed foreign financing and technology.

Diplomats and other analysts characterized the Soviet leader's

NEWS ANALYSIS

performance here as a double-edged one that will inevitably raise new questions in the minds of the East German leadership about the Soviet presence in Eastern Europe and Soviet intentions toward the future of a divided Germany.

By his high-profile presence at the 40th anniversary of the founding of East Germany, Mr. Gorbachev appeared to underscore that East German stability remains the highest Soviet priority in Europe. He repeatedly praised East Germany, where more than 400,000 Soviet troops are stationed, as a reliable ally.

"The Soviets have spent the summer trying to avoid having to make a choice between the hard-liners in East Germany and the reformers in

See LEADERS, Page 4

A Friday 13th Scare: New Computer Virus

Compiled by Our Staff From Dispatches

NEW YORK — A computer virus, a rogue program that knocks out systems and destroys stored data, is programmed to activate itself Thursday in a large number of computer systems around the world, according to computer-security experts.

The virus, known variously as Datacrime or the Columbus Day Virus, would do its real damage on or after the day following its activation — from Friday the 13th — when the intruder would erase the "boot" sector, or file-allocation table, of its victims' hard-disk drives.

"It could all be a large media prank or a series of pranks one after another," said Richard A. Shaffer, editor and publisher of Technology Computer Letter in New York, "but we won't really know until it has happened."

He added, "The scope is vast because virtually every company that has computers is a possible victim."

Without the boot sector,

there is virtually no way to get access to the information stored on a victim's hard disk. To regain control of the computer, the user would have to reformat the hard drive, destroying all the files it contains.

"It's a real killer, one of the nastiest we have seen," said Pamela Kane, president of Paralex Ltd. of Wilmington, Delaware, a consulting firm that specializes in computer security.

Datacrime is expected to make its appearance in France after reportedly "contaminating" hundreds of thousands of information systems to the Netherlands," according to Le Journal du Dimanche, a French Sunday newspaper.

As is usually the case, no one knows who wrote the program, but U.S. military officials have mentioned as possible suspects a European group linked to West German terrorists and Norwegians displeased with the fame of Christopher Columbus.

See VIRUS, Page 5

Jet Crashes At Show in New Delhi

Crowds at an Indian Air Force display in New Delhi

fleeing Sunday after a Mirage 2000 failed to come out of a vertical loop and dived into the ground. The fighter pilot was killed in the fireball, and seven civilian observers were injured. The pilot, taking his jet through solo aerobatic maneuvers for an audience of about 4,000, was said by a witness to have been in the sixth of a series of loops when the crash occurred, 100 meters from spectators.



Pet Chic: Llamas Are the Fashionable Possession

By Mary Blume
International Herald Tribune

LONDON — On Wednesday, at Stoneleigh in Warwickshire, Britain's first public auction of llamas will take place: 30 stately and long-eyelashed lots, an auctioneer who specializes in exotic livestock, and perhaps 1,000 visitors, many of them attracted by the llama's new status as a fashionable pet. "We bought five last year instead of a new Volvo," a doctor's wife from Bristol told The Times last spring.

The llama's modishness doesn't quite please members of British Camels Limited,

a doughty group of owners and breeders, many of whom started their herds with surplus stock from zoos. "If tigers were fashionable, people would start collecting tigers," sighs Pamela Walker, who has become one of Britain's top llama breeders.

Pamela Walker and a pair of llamas and one alpaca had come to the East of England agricultural show in Peterborough, where they were tucked off with jam-makers and crayfish-breeders but still drew crowds.

"We ought to get a couple of these for the Hall," said a County couple, looking at Pamela Walker's display. This isn't the sort of thing British breeders encourage. "We don't

want to become a rich man's peccadillo," says Peter Isaac, who keeps five llamas in Suffolk and makes medical documentary films. "The wrong people would get them and they'd be developed the wrong way."

The worrying example is the United States, where llamas replaced the Arabian horse as status pets and are described as one of the hottest investments of the 1980s. There are said to be about 30,000 llamas in the United States, where they serve as pets, pack-bearers for trekking, high-yield tax shelters and as tranquilizers for over-achievers who find their sideways cud-chewing more calming after work than a highball.

In California, Marin County llamas carry wine and cheese for gourmet safari, and a llama boarding school offers a three-week training course (llamas are docile and naturally housebroken). A llama paternity suit was heard by Judge Joseph Wagner on television's "People's Court" and in New York state in June, Governor Mario Cuomo signed a bill declaring llamas to be domestic animals, which means owners can collect up to \$350 if their llamas are attacked by dogs.

The bill was described as helping to promote the llama industry in New York. No one

See LLAMAS, Page 5

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EC Aide Asks Japan to Take Europe's Cue on Antitrust Law

Sir Leon Brittan, a former member of Prime Minister Margaret Thatcher's cabinet in Britain, is a vice president of the EC Commission with responsibilities for competition policy and financial institutions. He completed a tour of Japan over the weekend and spoke with Patrick L. Smith of the International Herald Tribune in Hakone, a mountain resort south of Tokyo.

Q. Edith Cresson [France's deputy foreign minister for European affairs] has just described Japan as the common enemy of Europeans. Is this perspective gaining acceptance, perhaps reflecting rising Japanese investment in Europe?

A. I can't answer for Madame Cresson. I don't know in what context she said it or what she meant by it. But it's not a sentiment I would describe as commonly held or increasing.

Q. You spoke critically in Tokyo about distribution cartels and other practices common in Japan. Are Europeans becoming more concerned about these practices?

A. It isn't that they've got worse — if anything they've got slightly better. But as some of the overt barriers are coming down, attention is focusing on the structural impediments to the growth of exports from the European Community. The experience of the European Community, through its well-developed antitrust law, is relevant to Japan because it shows we've had the same problems.

MONDAY Q&A

There's nothing especially wicked about the Japanese. People don't like competing, and competition is something you have to fight to impose. We did. We've removed some of the practices that are features of the present Japanese system. I've encouraged their Fair Trade Commission to interpret their role in a robust and vigorous way.

Particularly the younger generation in Japan do want a better share in the good things in life. As they travel, they're going to get fed up seeing the price of things abroad very much lower than they are back home.

Q. Do your comments reflect a policy in formation? Are you seeking to parallel the "structural impediment initiative" that Washington is beginning?

A. We share many of the concerns expressed in those talks. I don't think we like the idea of the legislative background [Section 301 of the 1988 U.S. Trade Act] against which they're taking place. We don't. But we'll watch their progress with great interest.

Q. Will these matters influence European policy toward Japan after 1992?

A. That market is going to be an extremely large and very open one, not only to those in it but also to those outside it. We demonstrated through changes in our banking legislation that we're prepared to listen to others' complaints.

And we made it clear that if we're talking about imposing sanctions by refusing licenses to people, that's a matter that would arise only if there's actual discrimination — a lack of national treatment against us.

But this, in turn, has to be applied realistically. It's no use unless there is

effective market access. If someone says there's no rule saying you can't get a license if you're a European bank, but 25 respectable ones have applied and haven't got one, that wouldn't be national treatment. But so long as there is effective access, we wouldn't contemplate sanctions.

Q. The Japanese auto industry is particularly concerned about 1992. Should it be concerned?

A. I don't know why they should feel more concerned about 1992 than about the present position. We now have a wide variety of rules, restrictions, quotas and informal arrangements. The one thing we know is that this can't continue after 1992. What we put in its place and for how long is something that hasn't been decided yet.

Q. You're also responsible for financial institutions. What are the issues that concern you there?

A. The European banks do feel a disadvantage in certain respects. They have difficulty operating in the Tokyo environment, and I have suggested to the

finance minister the complete deregulation of interest rates, which at the moment are deregulated a lot of the way but not all the way.

There is also the interbank market. The present system does not discriminate between banks with triple-A credit ratings and ones of lesser repute. If it did, that would be a more market-oriented approach and would happen to benefit the very reputable European companies that have decided to have a go at it.

Q. More broadly, do you see the same problems in the financial sector as one sees in, say, the distribution of manufactured goods? Are local business practices of concern in the same way?

A. It's difficult to isolate and classify practices that are structural in character and which could be dealt with in the same route I've described in the distribution area. That doesn't mean they exist.

Q. Is it realistic to expect these problems to be solved?

A. Most people seem to think things are changing in Japan. It's just a question of the pace of change.

WORLD BRIEFS

500 Sit In at U.S. Base on Okinawa

TOKYO (AP) — The police have scuffled with 500 people staging a sit-in outside a U.S. military base on Okinawa to protest a plan to build an anti-guerrilla training center there, officials said.

Several people were injured, including a man who was taken to a hospital with a possible broken rib, the police said Saturday. An office at the Ishikawa police station said the brief scuffle occurred outside Camp Hansen. About 35,000 American troops are stationed on Okinawa, in southern Japan.

Deal on Burial of Marcos Suggested

MANILA (Reuters) — The brother of President Corason C. Aquino says the Philippines will propose a wealth-for-burial swap to the family of Ferdinand E. Marcos.

The president's younger brother, Jose Cojuangco, who is secretary general of the ruling party, said Friday that a government envoy would go to Hawaii to meet the Marcos family to discuss the possible return of billions of dollars that Manila alleges Mr. Marcos looted from the country during his 20-year rule.

Mrs. Aquino, who forced out Mr. Marcos in the 1986 revolution, has barred his remains and his family from returning, saying that his corpse still had "a malignant power" that could destabilize the government.

21 Sri Lankan Sinhalese Found Slain

COLOMBO (AP) — The bodies of 21 young Sinhalese men were found Sunday at a fifth-century fort at Sigiriya that is one of the island's most popular tourist spots.

A police official said the victims, who were shot, were believed to be Sinhalese extremists killed by pro-government vigilante groups. He said the killings could have been in retaliation for an attack on an army convoy in the region on Friday, in which two soldiers were killed. Human rights groups say the government actively supports vigilante groups in their campaign against Sinhalese radicals.

The police official said the bodies had been found in gardens at the foot of Lion Rock, on which the Sigiriya fort is built. Sigiriya is 150 kilometers (95 miles) northeast of Colombo.

Greek Coalition Leader Steps Down

ATHENS (AP) — Tzannis Tzannetakis, leader of the conservative Communist coalition government, has resigned as prime minister, saying his government's mission of starting a cleanup of Greek politics has been fulfilled. Elections are expected next month.

The former prime minister, Andreas Papandreu, whose scandal-plagued Socialist government was replaced three months ago by Mr. Tzannetakis's administration, said Saturday that he accepted a presidential mandate to try to form a cabinet within three days. But it appears highly unlikely that he could put together an administration that would win Parliament's confidence.

Mr. Tzannetakis said that his resignation had been accepted by President Christos Sartzetakis but that he had agreed to stay on as caretaker until the appointment of a cabinet.

Rebels Attack Moroccan Defenses

RABAT, Morocco (AP) — Polisario rebels in the disputed Western Sahara have attacked a Moroccan defense line, setting off the bloodiest battle since the two sides declared a truce in February.

The government said 14 of its soldiers were killed and 80 rebels killed or wounded in the fighting Saturday.

A Polisario statement, which described the battle as "murderous violence," said the fighting broke out at dawn and lasted four hours. The rebel statement, issued in Algiers, said its fighters breached Morocco's defensive front and pushed government forces back 25 kilometers (15 miles).

Lebanese Says Talks Are Deadlocked

TAIF, Saudi Arabia (AP) — A leading Lebanese Muslim legislator said Sunday that talks to end his country's civil war were deadlocked and warned that a "more vicious war" would erupt if Christians did not surrender some power.

The legislator, Zuhair Khatib, a Sunni who represents the National Front, an alliance of 18 Syrian and Iranian-backed Lebanese factions, told reporters that Syria would not withdraw its troops until the Christians agreed to modify the traditional balance of power in Lebanon, political makeup.

"We're at a dangerous crossroad," Mr. Khatib said after 63 Lebanese lawmakers failed to meet for the third straight day because of deep divisions on the central issue of Syria's military presence in Lebanon and changes proposed by the Arab League. The 33 Christian and 30 Muslim legislators were brought together in the resort of Taif on Sept. 30 by the Arab League to discuss a "national reconciliation charter."

TRAVEL UPDATE

Passengers used emergency slides to exit an American Airlines MD-80 jetliner at O'Hare International Airport in Chicago after smoke was seen coming from the landing gear, officials said Saturday. There were no injuries among the 51 passengers and crew members on the flight, which was coming from Grand Rapids, Michigan. (AP)

A passenger train taking Damascus and Amman, Jordan, is to resume service Thursday and run four times a month, the Egyptian Middle East News Agency reported. (UPI)

The Hyundai Industrial Group of South Korea plans to invest about \$16 million to build a 200-room hotel in the Soviet city of Nakhodka according to Sunday press reports in Seoul. (AP)

Iraq Airways is seeking \$600 million in Arab and international financing to modernize and expand its air fleet, Nouredin Safai, the head of the airline, said Sunday. (AP)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Brazil, Canada, Ecuador, Fiji, Guam, Hong Kong, Israel, Macao, South Korea, Taiwan, United States (except 10 states).

TUESDAY: Bangladesh, Cuba, India, Japan, South Africa, Taiwan.

WEDNESDAY: Panama.

THURSDAY: Argentina, Bahamas, Bahrain, Belize, Chile, Costa Rica, Cyprus, Ecuador, El Salvador, Equatorial Guinea, Guatemala, Honduras, Indonesia, Jordan, Kuwait, Lebanon, Malaysia, Mauritius, Mexico, Paraguay, Puerto Rico, Spain, Sri Lanka, Uruguay, Venezuela.

FRIDAY: Bangladesh, Morocco, Pakistan, Sri Lanka.

SATURDAY: Israel, Sri Lanka, North Yemen, South Yemen, Zaire.

SUNDAY: Tunisia.

Source: Morgan Guaranty Trust Co., Reuters.

WEATHER

EUROPE				ASIA			
	HIGH	LOW			HIGH	LOW	
Amsterdam	12	5	F	Bangkok	27	21	F
Antwerp	12	5	F	Beijing	15	8	F
Barcelona	22	12	F	Hong Kong	27	21	F
Berlin	12	5	F	Manila	27	21	F
Birmingham	12	5	F	New Delhi	27	21	F
Bombay	27	21	F	Seoul	17	10	F
Boston	12	5	F	Singapore	27	21	F
Buenos Aires	12	5	F	Taipei	27	21	F
Calcutta	27	21	F	Tokyo	17	10	F
Cardiff	12	5	F				
Chicago	12	5	F	AFRICA			
Cairo	27	21	F	Algiers	27	21	F
Canton	12	5	F	Cairo	27	21	F
Cebu	27	21	F	Cape Town	27	21	F
Colon	27	21	F	Conakry	27	21	F
Dallas	12	5	F	Dakar	27	21	F
Damascus	27	21	F	Harare	27	21	F
Dhaka	27	21	F	La Paz	27	21	F
Dublin	12	5	F	Libreville	27	21	F
Edinburgh	12	5	F	Luanda	27	21	F
Geneva	12	5	F	Nairobi	27	21	F
Hankow	12	5	F	Porto	27	21	F
Hong Kong	27	21	F	Shanghai	27	21	F
Kobe	12	5	F	Singapore	27	21	F
London	12	5	F	Taipei	27	21	F
Los Angeles	12	5	F	Tokyo	17	10	F
Lyons	12	5	F				
Madrid	12	5	F	LATIN AMERICA			
Mannheim	12	5	F	Buenos Aires	27	21	F
Moscow	12	5	F	Caracas	27	21	F
Munich	12	5	F	La Paz	27	21	F
Nairobi	27	21	F	Lima	27	21	F
Paris	12	5	F	Mexico City	27	21	F
Prague	12	5	F	Rio de Janeiro	27	21	F
San Francisco	12	5	F	Sao Paulo	27	21	F
Shanghai	27	21	F	Santiago	27	21	F
Seoul	17	10	F	Valparaiso	27	21	F
Singapore	27	21	F				
Taipei	27	21	F	NORTH AMERICA			
Tokyo	17	10	F	Atlanta	27	21	F
				Boston	27	21	F
				Chicago	27	21	F
				Columbus	27	21	F
				Dallas	27	21	F
				Detroit	27	21	F
				Houston	27	21	F
				Los Angeles	27	21	F
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				Taipei	27	21	F
				Tokyo	27	21	F

MONDAY'S FORECAST — CHICAGO: Partly cloudy, 12-18. NEW YORK: Partly cloudy, 12-18. LOS ANGELES: Partly cloudy, 12-18. SAN FRANCISCO: Partly cloudy, 12-18. SEATTLE: Partly cloudy, 12-18. SINGAPORE: Partly cloudy, 12-18. TOKYO: Partly cloudy, 12-18.

Blocked, Israelis Look to U.S.

JERUSALEM — Israeli officials said Sunday that only the United States could break a Middle East peace stalemate after Israel rejected an Egyptian invitation to take part in direct talks with Palestinians.

Israeli newspapers doubted that Washington would intervene.

Israel also sealed off the occupied territories for the Yom Kippur fast, the Jewish Day of Atonement, which began at sunset Sunday, while Palestinians observed a general strike to mark 22 months since the start of their uprising.

Avi Pazner, media adviser to Prime Minister Yitzhak Shamir, said the next diplomatic move belonged to the United States, Israel's closest ally, after the 12-member inner cabinet divided equally Friday, thus turning down Egypt's invitation.

He said that Israel, in constant contact with Washington, still hoped that Secretary of State James A. Baker 3d would formally offer to hold preliminary U.S.-Israeli-Egyptian talks on the composition of a Palestinian delegation for negotiations.

"We will have to see what will be the next American steps which may come after Yom Kippur," Mr. Pazner said. "It's not yet a crisis and we have to do our utmost to see that it doesn't become a crisis."

He said Israel also might talk to Egypt, the only Arab nation with which it has made peace, in an attempt to break the deadlock.

"There are certainly other avenues which we want to explore," he said.

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Israeli soldiers at a roadblock Sunday on the West Bank, which has been sealed off for Yom Kippur.

Norway's Pristine Environment Image Challenged

By Glenn Frankel

Washington Post Service

PORSGRUNN, Norway — At first glance the Frier Fjord is a typical Norwegian inlet: towering pine trees, sweeping granite formations and churning, ice-blue water.

But as the coastal road from Oslo bends north, a different prospect presents itself: gray concrete towers, belching smokestacks and massive storage tanks of Scandinavia's largest chemical-manufacturing complex.

The Porsgrunn plant of Norsk Hydro, Norway's biggest company, produces more chemical fertilizer than any other factory in the world, as well as ammonia, nitric acid, argon, nitrogen, chlorine, magnesium and polyvinyl chloride.

It also produces, as do two petrochemical plants on the western side

of the fjord, toxic wastes and gases such as dioxin, benzene and, until a few years ago, tons of mercury, all of which have ended up in the fjord. Things got so bad that the company was forced to temporarily close its chlorine plant in Porsgrunn; the government banned the sale of local fish.

As a result, environmentalists contend, the Frier Fjord is the dirtiest place in Scandinavia. "It's nice to look at — most Norwegian fjords are — but underneath the surface it's poison," said Berg Fald, who monitors the area for Bellona, one of a new wave of European environmental activist groups.

Such places are not supposed to exist in Norway, which considers itself Europe's greenest nation.

Gro Harlem Brundtland, the socialist prime minister, is a world leader on green issues. She chaired a United Nations commission that recently produced a blueprint for combating the greenhouse effect, a buildup of atmospheric carbon dioxide that many scientists believe contributes to the planet's rising temperatures. The plan urges cooperation between industry and government and between the industrialized nations and the Third World.

Mrs. Brundtland says that her

government has adopted some of the world's toughest anti-pollution laws and has doubled its environmental budget during the past four years. "No country has committed itself to the extensive restrictions we are now bringing in," she said in April when, wearing a green outfit, she released the government's new plan for the environment.

But ecological activists see a different story. Although they acknowledge that Norway is far cleaner than most other European states, they contend that lax enforcement, political compromises and the specter of greater unemployment have led Mrs. Brundtland's government to cut environmental corners.

"There's a big difference between what she says abroad and what they do in Norway," says a spokesman for Greenpeace, Paul Bugge. "We are supposed to set an example for the world. But how can you expect poor countries like Uganda to sort out their problems when Norway, which is quite rich, can't take care of its own?"

Few countries have better conditions for environmental purity. With a population of only four million spread across about 448,000 square kilometers (250,000 square miles), Norway is one of the

world's most sparsely populated yet technologically advanced nations. More than 50 percent of its electricity comes from ultra-clean water power. There is a minimum of heavy industry and a maximum of well-educated and supposedly ecologically aware people.

But Norway has faced a series of major pollution problems in recent years, some home-grown and others imported from dirtier, more densely populated neighbors. Acid rain — 90 percent of it from West Germany, Britain, Poland and the Soviet Union — has poisoned lakes and fjords, killed fish and stunted tree growth. A cloud of radiation swept over northern Norway after the Chernobyl nuclear disaster, leading the government to increase by 1,000 percent permitted radiation levels in reindeer meat.

Last year saw a double set of disasters in the North Sea. A summer-time alga bloom killed off hundreds of fish and spread green slime all along the coast. A mysterious epidemic later wiped out an estimated 40 percent of the common seals in the North Sea and Baltic coasts.

Supporters of Mrs. Brundtland contend that she is a victim of a calculated smear campaign by a Greenpeace and other activist

groups. An aide to the prime minister said that activists had embarked on a strategy of attacking her to keep pressure on the government to go even further in pollution controls.

Yet sometimes the prime minister seems to wander far in front of her own government. At an ecological conference in Canada last year, she appeared committed to reducing reducing Norway's carbon dioxide emissions 20 percent by the year 2005. But the government's white paper a few months later only endorsed "stabilizing the growth" in such emissions by the year 2000. That was not strong enough for parliament, which pushed through a measure committing the government to stabilizing carbon dioxide emissions at the present level.

Analysis said the green vote was a force in last month's stalemated national elections. Many younger voters, concerned about environmental issues, defected from Labor to the Socialist Left Party, which nearly tripled its seats in the parliament while Labor lost 10 percent of its support. As a result, Mrs. Brundtland will step down Oct. 13, and her government will be replaced, at least temporarily, by a shaky coalition of rightist parties.

A Winter Offensive: How to Feed Kabul

'Is Gorbachev on the Ropes?' Some Kremlin Watchers Deliver a Split Decision

With the Soviet economy in deepening crisis, the country said to be in danger of fragmenting because of the nationalities crisis, and the future of communism itself in doubt in much of Eastern Europe, Kremlinologists disagree about whether Mikhail S. Gorbachev, the Soviet leader, is personally in danger. Barry James of the IHT asked several Soviet experts to respond to the question, "Is Gorbachev on the ropes?"



Alec Nove, professor of economics at Glasgow University.

In his political position, obviously not. But the economy is in a state of crisis, on top of which there are all the complications with the nationalities. Gorbachev knows it as well as anybody.

The recent changes in the Politburo have had the effect of strengthening his position, and there is no obvious alternative to him. From this point of view, he is not on the ropes.



Marshall J. Goldman of Harvard University and Wellesley College in Massachusetts.

I do think Gorbachev is on the ropes. In March 1987, I said it would be a surprise if he lasted four years. I didn't anticipate that things would be quite this bad so soon.

The man is a Houdini, but the crisis is growing at such a rate that I just don't know if he can pull it off. What he has got to do is to show some positive economic results, and so far everything seems to be going wrong.



Michel Tau, Soviet specialist for the daily Le Monde of Paris.

Things are going a little better for Gorbachev, politically. The paradox is that the general situation in the country is very bad, but his political power has been consolidated.

He is adopting positions that are somewhat conservative at the moment, but he is still encouraging the reformers. The situation is very ambiguous. Will he survive? His chances are a little bit better now, yes.



Peter Reddaway, professor of political science and international relations at George Washington University in Washington.

I wouldn't be at all surprised if he were removed in the next few years. He has boldly set out on the path of trying to shift his main power base from the Communist Party to the Supreme Soviet.

The great danger is that he will fall between the two chairs and lose all authority, and I think that is what is currently happening.



John Edwin Mroz, president of the Institute of East-West Security Studies in New York.

I would come down with those who say Gorbachev is not on the ropes — if by that you mean that in the very near future his position and authority will be questioned or that his policies will be reversed.

I look on the miners' strike as the watershed. When people are more committed from below to the fundamentals of perestroika than the leaders themselves, then new forces are unleashed in society that I think are going to be helpful to him.



John Harb, associate director and senior specialist on the Soviet economy, Congressional Research Service, Washington.

With qualifications, chalk me down as an optimist. The strategy for change involving political restructuring and economic reform is reasonably well laid out, and a good deal of progress has been made in the political areas.

He's not an economist, but he is likely to recognize what seems to be evident, and he has people who can explain to him what it is he sees.



Charles Woolf, director of international economic research at the Rand Corp., Santa Monica, California.

I think Gorbachev is on the ropes, but he's a fighter with a lot of resilience and strength and resourcefulness, a brilliant tactician.

What I think the system requires is a dramatic and pervasive price reform — market-based prices that give clear signals to enterprises as to which ones need to boost production and which ones should go out of business.

Latvian Front Urges Independence

By Michael Dobbs

Washington Post Service
MOSCOW — Ignoring warnings of "impending disaster" from the Kremlin, a mass political movement in the Soviet republic of Latvia called Sunday for the restoration of an independent Latvian state based on the principles of parliamentary democracy.

A two-day congress of the Latvian Popular Front endorsed a pro-independence platform calling for the formation of a federation of Baltic states free from Moscow's control. Denouncing more than 40 years of Communist Party rule, it urged the establishment of a mixed market economy with a large private sector.

The popular front, formed a year ago to press for greater Latvian autonomy and the speeding up of President Mikhail S. Gorbachev's program of perestroika, or restructuring, has moved toward an openly separatist stance over the last few months. The front has released public-opinion surveys showing that it is supported by 70 percent of the republic's Latvian population and 64 percent of its Russian population.

The platform suggests that movement leaders have not been intimidated by a warning from the Soviet leadership in August. The party said that the "anti-Soviet and anti-Socialist activities" of "nationalist forces" in the three Baltic republics could call into question the "viability of the Baltic nations."

Leaders of the front did warn, however, against any abrupt declaration of independence that could provoke the Kremlin to crack down. The 1,052 delegates to the congress, held in the Latvian capital of Riga, did not lay out any specific timetable for the proposed transition to independence.

Together with neighboring Lithuania and Estonia, Latvia was annexed by the Soviet Union in 1940 under a secret agreement with Nazi Germany that divided Eastern Europe into Soviet and German "spheres of influence." The Kremlin only formally acknowledged the existence of the "Molotov-Ribbentrop Pact" this year, on the 50th anniversary of its signature.

The program endorsed Sunday outlined measures that could be taken to survive a Soviet economic

blockade, including the formation of a Baltic common market by 1993. It asserts that the three nations can produce 85 percent of the food and 70 percent of the manufactured goods necessary for the population.

In a speech to the congress, the economist Arminis Kalnins warned that Latvia would lose most of its energy supplies — including all its gasoline — in the event of a blockade. He said there was no sign that Western countries were willing to support the Baltic states if such support meant offending the Soviet Union.

■ A Regional Flare-up

The Soviet news agency Tass announced Sunday that Armenian and Azerbaijani gunmen had attacked each other's villages in and around the disputed Nagorno-Karabakh Autonomous Region over the weekend and that Soviet troops had had to intervene, Reuters reported from Moscow.

It said the troops had opened fire to stop an armed attack on the Azerbaijani village of Lachin, near the Armenian border.

Solidarity Fears Backlash Against Its Government

WARSAW (UPI) — Lech Walesa, the Solidarity leader, says that he fears the Polish people are so dissatisfied with the government that they will burn down his 12-room house in Gdansk in retaliation.

The comment Saturday was another indirect criticism that Mr. Walesa has aimed at the Solidarity-led government, which has imposed unpopular price increases in basic goods.

Two other union officials, Bronislaw Geremek, the chairman of the Solidarity parliamentary caucus, and Bogdan Borusewicz, a Solidarity activist from Gdansk, made remarks indicating that they feared that a social backlash might ruin the frail Polish structure of democracy.

Mr. Walesa said many Solidarity activists, himself included, had become "stars." He said that "this leadership of the stars" might make people who are dissatisfied set his "house on fire."

"I am scared by the situation," he said.

LEADERS: In East Berlin, Political Symbols Are Found in Gestures

(Continued from page 1)

Poland and Hungary," a Western diplomat said. "Now Gorbachev is making it clear that he will not choose between East Germany and West Germany if he can avoid it."

Mr. Gorbachev did complain about discussion in West Germany of some day returning to Germany's 1937 borders. But he did not echo Mr. Honecker's sharper accusations that Bonn was undermining peace and stability in Europe by "questioning the postwar order."

The Bonn government deliberately triggered the refugee exodus by claiming "custodianship for all Germans," Mr. Honecker said.

West Germany refuses to recognize East German citizenship and holds that all 17 million residents of East Germany are West German citizens. Bonn's decision to provide East German refugees in Hungary, Poland and Czechoslovakia with travel documents was an important catalyst in the flight to the West.

"The new element in Central Europe is that West Germany has been able to establish that it has the right to look after the other Germans on this side of the wall," a European diplomat said. "The Soviets did not use this visit to object

to that, and the United States does not seem to mind either."

The most discussed portion of Mr. Gorbachev's speech at some Western embassies was an exhortation that "it should be clearly recalled here that the Soviet Union was in favor of maintaining German unity" at the end of World War II. The Soviet leader listed Western actions that in his view

caused the division of Germany into antagonistic capitalist and communist states.

In an interview in June, Mr. Honecker emphasized that the division of Germany had been the only way to guarantee that "no more war will emanate from German soil." In contrast to Mr. Gorbachev's silence, Mr. Honecker said in June that Germany must remain permanently divided to guarantee stability in Europe.

Although he made no specific reference to it in his speech, Mr. Gorbachev's remark on Soviet efforts to keep Germany united recalls an offer by Stalin in 1952 to negotiate with the West on reunifying Germany as a neutral state. The offer was never taken up.

Diplomatic analysts did not exclude the possibility that the refer-

ence to German unity was one of several subtle public prods by Mr. Gorbachev to the East Germans to be more responsive to citizens' demands for political and economic liberalization.

Mr. Gorbachev's spokesman said Saturday that the Soviet leader, 58, and Mr. Honecker, 77, had met as "old friends and fellow fighters."

But their competing visions of the state of world communism were on display in their speeches and extemporaneous remarks.

Mr. Honecker spoke only in glowing terms of the accomplishments of Communist nations, which in his view are still locked in a pitched struggle with capitalists. Progress, in Mr. Honecker's view, is made only when communism forces concessions from the capitalist bloc. He described change as "a historical, long-term process."

In contrast, Mr. Gorbachev opened his speech Friday by acknowledging the "difficulties, the steep rises and dramatic turns" that communism now faces and went on to describe the need for change in the East-bloc economies.

Saying "there was good news for the world" in the recent agreement

to hold a Soviet-U.S. summit meeting, Mr. Gorbachev used the platform of the East German anniversary celebrations to praise President George Bush and to cite favorably the 35-nation European agreements on human rights, which Hungary cited last month as justification for breaking a bilateral accord with East Germany and allowing the East German refugees to cross into Austria en route to West Germany.

Plotters Executed In Sierra Leone

Agence France-Press

FREETOWN, Sierra Leone — A former vice president, Francis Minah, and former police chief, Gabriel Kaikai, have been hanged with four other men for planning to kill the president, Major General Joseph Saidu Momoh, in 1987, prison officials announced.

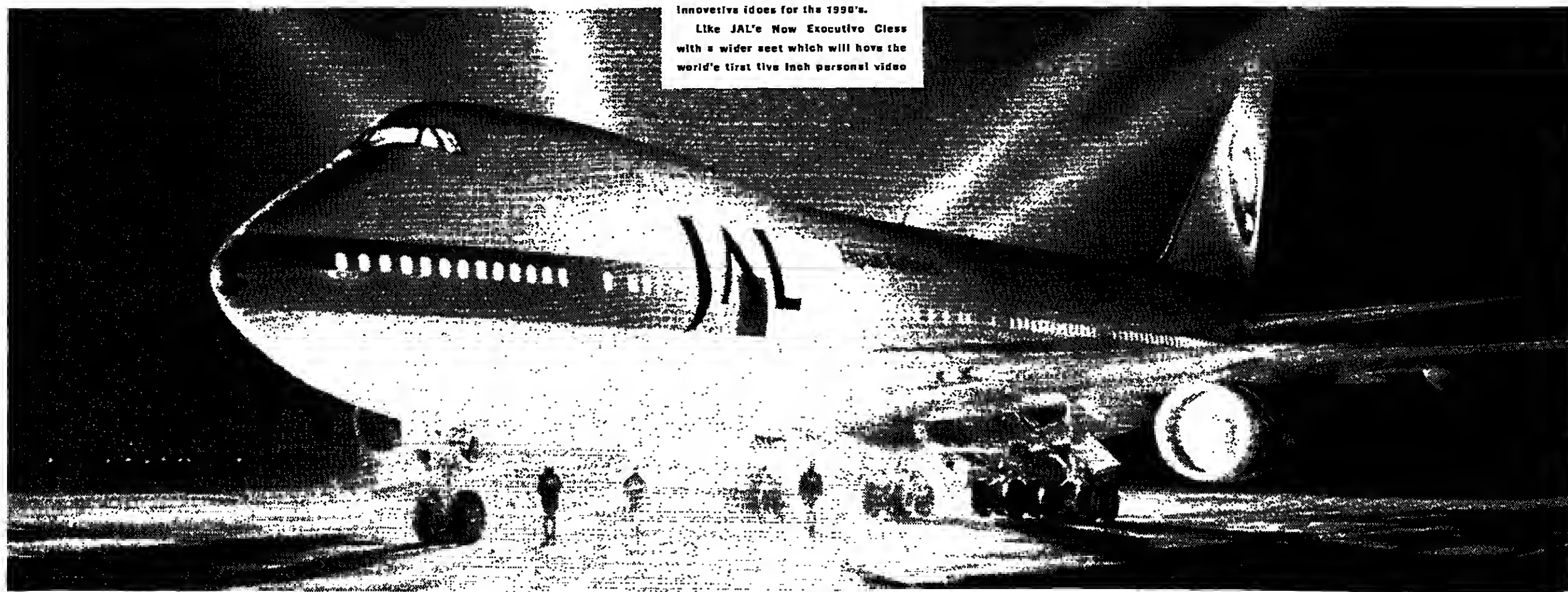
The two had been accused of plotting to assassinate General Momoh on March 23, 1987. They were said to have planned to dissolve parliament.

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Bush Aides Strike Back At Those Who Say U.S. Bungled Panama Coup

By Fred Farris

WASHINGTON — The Bush administration mounted a strong counterattack Sunday to criticism that it had bungled the coup attempt in Panama by failing to support it with U.S. troops.

A top adviser to President George Bush said that if U.S. forces had blocked the route taken by the loyalist troops who rescued General Manuel Antonio Noriega from the rebellion, it could have meant "a firefight in a heavily populated area."

Secretary of State James A. Baker 3d, Defense Secretary Dick Cheney and the president's national security adviser, Brent Scowcroft, appeared on television interview programs to deny charges by some congressmen that Mr. Bush's failure to order U.S. forces into action stemmed from fear or indecision.

They said the Panamanian rebels had asked the Americans to stay out of the coup attempt except to block two roads.

Furthermore, Mr. Cheney said, there was a "strong suspicion" that the coup attempt "was a put-up job" by Noriega forces who wanted to embarrass the United States by provoking it into getting involved.

Mr. Baker said that the administration hesitated even when it became clear that the coup attempt was genuine because "you do not commit American lives on somebody else's time frame, somebody else's plan, and somebody else's schedule."

Mr. Scowcroft said the rebels were explicit in saying they did not

want American help for what they called "an internal cleansing" of the Panamanian armed forces.

Mr. Cheney said that the only request from the coup leader, Major Moises Giroldi Vega, was for help in blocking two companies of Noriega loyalist troops from coming to Panama City.

U.S. forces did block two roads in an area where American troops routinely conduct exercises, but a loyalist unit took a short route.

Mr. Scowcroft said that the pro-Noriega unit came "down through the heart of Old Panama City." To block that and related routes, he said, "would have been the overt exercise of military force, perhaps into a firefight in a heavily populated area," and would have been a treaty violation.

Mr. Cheney was asked why U.S. forces did not simply take custody of General Noriega, whom the Bush administration has charged with drug trafficking, after he reportedly had been captured by rebel officers.

The defense secretary replied that such an act would have frightened other Latin American nations with which Washington seeks cooperation in the drug battle.

Senator David L. Boren, Democrat of Oklahoma, who is chairman of the Senate Select Committee on Intelligence, renewed his criticism of the president Sunday, saying, "I don't think it's right for this country to encourage people to take such actions and not to be there to help them."

PANAMA: U.S. Cleared Officer

(Continued from page 1)

ed by administration officials have led to charges that key details on the U.S. role have been withheld.

Briefings Friday by General Powell and Mr. Cheney did not end criticism in Congress that the administration had mishandled one of its first major foreign policy crises and had squandered an opportunity to remove General Noriega.

Congressional sources and some government officials said the administration's response to the coup attempt revealed an unwillingness to "act decisively against General Noriega, a lack of adequate contingency planning, and serious gaps in intelligence-gathering."

Senator Jesse Helms of North Carolina, the ranking Republican on the Senate Foreign Relations Committee, and José Blandón, a former top aide to General Noriega who has become a harsh critic of the Panamanian leader, have offered a detailed account of events that sharply contradicts the administration version on key points.

A central assertion by Mr. Helms and Mr. Blandón is that shortly after the coup began Tuesday, the rebels asked for U.S. military forces to intervene directly to remove General Noriega from the headquarters of the National Defense Forces. Mr. Helms and Mr. Blandón said that U.S. officials did not respond to that request and instead asked the rebels to bring General Noriega to a U.S. base.

Mr. Helms and Mr. Blandón said that the rebels told U.S. officials that they lacked the military capability to remove General Noriega without U.S. help.

Mr. Cheney, along with the White House press secretary, Martin Fitzwater, and other administration officials have strongly denied that the rebels asked U.S. forces to remove General Noriega.

Mr. Cheney said that the only discussion of U.S. military officials had with the rebels was when two of their representatives met late Tuesday morning with Major General Marc Cisneros, commander of the "army" forces attached to the "U.S. Southern Command based in Panama."

At the meeting, Mr. Cheney said, the rebel representatives made it clear that they would not turn General Noriega over.

"There was no suggestion: 'Will you move him from one spot to another spot?'" he said. "It simply didn't happen."

But two U.S. sources in Panama close to the Southern Command said that the rebels asked General Cisneros twice Tuesday morning to send a helicopter to pick up General Noriega.

About an hour after the first contact, the rebels sent two representatives to meet with General Cisneros at his headquarters at Fort Clayton, and they again requested a helicopter, these sources said.

But Mr. Cheney has said that there was never any request for a helicopter to pick up General Noriega.

The congressional sources said, however, that the U.S. response to the rebels' request for help in dealing with General Noriega was not the main issue. They said that the coup failed in part because the U.S. military did not support it by such actions as sealing off roads to prevent the general's rescue.

They said General Powell's authorization to remove General Noriega covertly was an example of the administration reacting to events narrowly rather than focusing on the broader military options that could have helped the coup.

For example, administration officials have said that the coup leader, Major Moises Giroldi Vega, had asked that U.S. forces block two routes into Panama City. Mr. Cheney said that U.S. military units were placed on the two routes. But the pro-Noriega units took a different route into the city.

A major contingent flew to Tocumen Airport, 17 miles (27 kilometers) northeast of Panama City, U.S. sources said. This group then joined another unit before being trucked to the military headquarters in Panama City, where the coup attempt was under way.

Congressional sources said the administration should have realized the road from Tocumen Airport was the likely route for pro-Noriega forces to use.



Pro-democracy protesters chanting and marching through East Berlin over the weekend.

GERMANY: Police in East Berlin Arrest Hundreds

(Continued from page 1)

lawed by the government, recently demanded open and free elections supervised by the United Nations.

Political demonstrations have become almost commonplace in Hungary, Poland and the Soviet Union, but until last weekend such scenes of defiance on the streets of East Berlin and other East German cities were unimaginable.

Hundreds of reporters were in East Berlin over the weekend for President Mikhail S. Gorbachev's meetings with Mr. Honecker. But protesters said they feared an even more severe crackdown once the media left town. Nearly all the journalists' visas ran out Sunday, and officials were refusing to extend them.

The East German authorities also continued to turn away hundreds of Westerners wanting to enter East Berlin through the city's nine crossing points.

Jens Reich, one of the leaders of New Forum, said in an interview that he was hoping that the would be no further violence. He said he was confident that the dissident movement could eventually force change despite Mr. Honecker's insistence Saturday that he would refuse the advice of "bour-

geois politicians" and would "follow the present course."

"I can't imagine that the government won't compromise now," Mr. Reich said. Speaking of the pro-democracy movement in China, he said, "I just hope the solutions here will be better."

Werner Fischer, a leader of the Initiative for Peace and Human Rights, said, "The rallies have raised peoples' consciousness, and I think we will see even more civil disobedience, possibly even strikes. No one can help us. Only we can help ourselves."

Although they see Mr. Gorbachev as a symbol of change in the Communist world, the protesters said that the Kremlin leader's visit was not the critical factor in the rallies — despite the chants of "Gorby! Gorby! Help us!" They said they expected little help from him and the Soviet Union in their movement.

Franziska Mann, one of a few dozen young East Germans who have been on hunger strikes and camping out in sleeping bags on the floor of the Gethsemane Church, said, "We put some hope in Gorbachev, but he can't do that much. He has so many problems in his own country, and he doesn't want to interfere."

Some of the demonstrators said they were disappointed that Mr. Gorbachev's comments during his visit about change in East Germany were mainly mild and indirect.

During his stay, Mr. Gorbachev told Mr. Honecker that those who failed to change would suffer, but he also told young people "Don't panic" and expressed confidence that the current regime had the "capability" to carry out any necessary changes.

In the past month, almost 50,000 East Germans have fled to West Germany through Hungary, Czechoslovakia and Poland — an exodus that has humiliated the Honecker regime. But many of the demonstrators here were patches reading "I'm Staying."

Although these nations have given assurances that they plan to reinforce trade liberalization, not create a regional economic bloc, EC officials are concerned that Europe is being excluded from discussions of enormous potential importance.

Juan Abel Matutes, the EC commissioner for North-South relations, warned regional countries in July that Europe might be forced to take defensive action if initiatives for Asian-Pacific cooperation "turn into a caucus for coordinating the trade policies of players enjoying a preponderant position in world trade."

Mr. Noordink said that ASEAN countries had sought assurances that the Canberra meeting would "do nothing to provoke Europe to become more protectionist."

The EC is ASEAN's third-largest trading partner, although it lags well behind Japan and the United States. However, nearly 60 percent of ASEAN's exports to Europe in 1988 were manufactured goods from Southeast Asia's rapidly expanding industries.

Many of these industries have been set up in recent years by Japanese, Taiwanese, South Korean and Hong Kong companies seeking to lower production costs by relocating operations away from their home markets.

ASIANS: Worry on Europe

(Continued from page 1)

tion," said Mr. Nimit, "is likely to produce some kind of crowding out effect in world capital markets."

This would probably hit developing countries, including those in ASEAN, hardest, he said.

A united Europe, he added, will draw in development and stock market funds from other parts of the world as corporations in the European Community seek to sharpen their competitive edge through mergers and acquisitions.

Mrs. Rafidah said that increased European investment should be a central element in a strategy to promote trade, technology transfer and stronger economic links between the EC and ASEAN, which groups 300 million people.

However, she cautioned that such investment "could be diverted to the EC's own low-cost member countries in southern Europe."

Mr. Djsman, a researcher at the Center for Strategic and International Studies in Jakarta, said that Southeast Asia and Western Europe were "being pulled apart by two centers of economic gravity, Pacific in the case of ASEAN and its emerging institutionalization and Europe 1992 in the case of the EC."

Senior officials from the six ASEAN countries, the United States, Canada, Japan, South Korea, Australia and New Zealand are to meet in Canberra early next month for initial discussions on closer economic cooperation in the Asian-Pacific region.

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Juan Abel Matutes, the EC commissioner for North-South relations, warned regional countries in July that Europe might be forced to take defensive action if initiatives for Asian-Pacific cooperation "turn into a caucus for coordinating the trade policies of players enjoying a preponderant position in world trade."

Mr. Noordink said that ASEAN countries had sought assurances that the Canberra meeting would "do nothing to provoke Europe to become more protectionist."

The EC is ASEAN's third-largest trading partner, although it lags well behind Japan and the United States. However, nearly 60 percent of ASEAN's exports to Europe in 1988 were manufactured goods from Southeast Asia's rapidly expanding industries.

Many of these industries have been set up in recent years by Japanese, Taiwanese, South Korean and Hong Kong companies seeking to lower production costs by relocating operations away from their home markets.

LLAMAS: The Fashionable Pet

(Continued from page 1)

knows how many llamas live in New York or how many have been bitten by dogs.

Inevitably, prices have soared, and this year at an auction in Tecumseh, Nebraska, a stud llama fetched \$150,000. More modestly, at this week's auction in Britain prices are expected to average \$1,000 for males and \$5,000 for females, according to Peter Knowles-Brown, a sheep farmer in Scotland who bought his first llamas eight years ago as an alternative fleece for his wife to spin and weave and who is president of British Camellids Limited, which has about 150 members.

Flat-backed members of the camel family, the llama species consists of the *Lama glama*, or llama, the alpaca and guanaco. Although subject to poisoning from azaleas, rhododendrons and at least six sorts of deciduous trees, llamas adapt easily to Europe's climates and as grazers cost little to feed. Herds are slowly being built up in northern Europe, and a man in southern France is trying to promote the llama, with its heavy appetite for underbrush, as protection against the forest fires that devastate the area each summer.

One of the first Britons to raise llamas privately in the 1970s found information so scant that she had to rely on a book published in 1784. Even now, there are conflicting views on how many stomachs a llama has, although information is being collated on such subjects as llama body language, particularly the position their banana-shaped ears assume in an aggressive mood, such as the HET (horizontal ear threat), or the FET (flat ear threat), which precedes what is referred to as the "infamous llama spitting display."

Spitting is a sensitive subject best avoided. "Only when provoked," Pamela Walker replied with practiced patience when asked the inevitable question at the East of England show. "In eight years, none of mine has spat."

"They spit, but mainly at each other," says Ordeil Saffron, an American who lives in Berkshire and who got her first llama, Larry, as a surprise gift from her stockbroker husband.

One British Camellid member, Lady Kinahan of County Antrim in Ireland, got her first guanaco to fill in the panorama across the hahs in front of her house (she also raised eyebrows by eating a surplus male, whose meat she found as flavorful as Aberdeen Angus). Other members are raising llamas as companions (the word pet is frowned on), for breeding potential, and for fiber, which at present sells at £1 an ounce when it comes from a llama and £1.50 from an alpaca. Production is still at the spinning wheel stage.

There is a project to get proper machinery to process the fiber, Peter Knowles-Brown says, as well as a government-backed plan to multiply stock by embryo transplants

so that female llamas can be used as hosts for pure alpaca embryos. In the United States, where the fiber-producing potential is overlooked in favor of pet sales, llamas and alpacas are said to be crossbred to produce an unusually fluffy but undoubtedly appealing hybrid. This may also become a danger in Britain, according to Peter Isaac.

"One of the problems is nobody knows what a good llama is or a bad llama. Every member of the association has a different idea and the danger is that people will start breeding for purely cosmetic reasons and developing the banana car, bigger and bigger. The awful things that happened to the llama if we're not careful."

Britain being particularly short of female stock, a movement is afoot to promote bachelor herds, since male llamas can live together harmoniously if undisturbed by a female presence.

"People interested in fiber are better off with males," says Ordeil Saffron. "So are people who are interested in showing, obstacle races, show-jumping or trekking."

Mrs. Saffron held a "Day with Llama Friends" last summer in which llamas and their owners leaped over obstacles, and Peter Isaac held an all-llama attended by 3,000 visitors. These athletic events, along with this week's public auction, indicate that Britain's llama industry is in the public eye if not yet into profit.

"We're in at the beginning of what I think is a most exciting future," Peter Knowles-Brown says. "We're in exactly the same position as deer farmers were 15 years ago. Everyone laughed at the deer farmers then, but they're not laughing now."

British deer farmers supply meat to such countries as West Germany. This may be the ultimate fate of bachelor llama herds, Peter Isaac suggests.

These gentle, cuddly creatures with the distracted, benign gaze of a favorite maiden aunt ending in the oven? It's enough to make a pair of banana ears go HET or FET. Or even to induce the infamous llama spitting display.

Abbado Chosen For Berlin Post

(United Press International)

BERLIN — Claudio Abbado was chosen Sunday to succeed Herbert von Karajan as chief conductor of the Berlin Philharmonic Orchestra. Mr. Abbado, a 56-year-old Italian who is musical director of the Vienna State Opera, accepted the secret ballot nomination by the orchestra's 120 musicians, according to a West Berlin cultural official.

Mr. Karajan, who headed the philharmonic for 35 years, died July 16 at 81.

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- Glorious the sun
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- Rackel
- Southern constellation
- Gymnast Comanici
- Coffee-break time, for some
- Guam's capital
- 30 Eastern notable
- Smelling product
- City on the Rhine
- Gaelic
- Overture
- Partaining to atmospheric weight
- Two of — (poker holding)
- Namesakes of the hunt goddess
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STICK YAPA
SLICER SERENADE
NIGHT OUTDANWAY
ASHE STARE TORE
PLATS SATIYR ELKS

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VIRUS: Friday 13th Scare

(Continued from page 1)

who is honored in the United States this week.

Last month, the biggest computer network in Scandinavia was infected with a virus that could have wiped out its programs if it had not been detected. Bjarne Wind, the director of the banking arm of the Danish postal system, Post giro, said on Sept. 19 that the virus was designed to reproduce itself in other programs — but would lie dormant until Oct. 13.

Fighting fire with fire, some companies, individuals and even a government research laboratory in the United States are crafting a new breed of anti-viruses to hunt down intruders.

The trouble is, some computer-security experts say, the problem of viruses may be exaggerated — and the oer crime fighter may do even more damage than the criminal.

A well-intended but badly designed program to stop viruses can run amok, knocking out thousands of computers or destroying vast amounts of data.

Indeed, one of the anti-virus programs intended to defeat a known virus has already destroyed data on business and governmental personal computers in the United States.

In recent weeks, international alarm has reached new heights as rumors have spread about Data-crime.

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Bette Davis, the 'Legendary Terror' of Hollywood, Dies at 81

By Albin Krebs
New York Times Service

Bette Davis, who won two Academy Awards and cut a swath through Hollywood trailing cigarette smoke and delivering drop-dead barbs, died of breast cancer Friday at the American Hospital in Neuilly-sur-Seine, near Paris. She was 81.

She had been en route to her home in West Hollywood, California, from the San Sebastián Film Festival in Spain, where she had been honored for her acting career. Her lawyer said that she underwent a mastectomy in 1983.

With her huge and expressive eyes, her flamboyant mannerisms and her distinctive speaking style, she left an indelible mark in playing a wide variety of roles.

Miss Davis, whose 10 nominations for Oscars are the most that any actress has received, was a perfectionist whose tempestuous battles for good scripts and the best

production crews for her films wreaked havoc in Hollywood executive suites.

"I was a legendary terror," she once recalled. "I was insufferably rude and ill-mannered in the cultivation of my career. I had no time for pleasantries. I said what was on my mind, and it wasn't always printable."

Her Oscars for best performance were won in 1935 for "Dangerous" and in 1938 for "Jezebel." But she is perhaps best recalled for her tour de force as Margo Channing, the tough-talking but soft-hearted stage actress in "All About Eve."

She made almost 100 films and received many other honors, including the Life Achievement Award of the American Film Institute.

Her appeal swept across generations and international borders, due largely to her frequent appearances in made-for-television films and to repeated TV showings of her now-classic movies. They include

"Of Human Bondage," "Dark Victory," "The Corn Is Green," "The Letter," "The Great Lie," "A Stolen Life," "Now, Voyager," "Mr. Skeffington," "The Little Foxes," "The Petrified Forest" and "Whatever Happened to Baby Jane?"

She was born Ruth Elizabeth Davis on April 5, 1908, in Lowell, Massachusetts. It was at about the age of 11 that Betty Davis took a more exotic-sounding name, one of her mother's friends, who was reading Balzac's "La Cousine Bette," suggested the name-spelling change "to set you apart, my dear."

She made her New York acting debut in 1929. The movies had learned to talk only a few years earlier, and Hollywood was snapping up Broadway actors and actresses who had good voices as well as looks. "Bad Sister" was notable only because it introduced both Miss Davis and Humphrey Bogart to films.

In 1932 she got a call from George Arliss, the respected English actor who was to be her great mentor until his death. He hired her as his leading lady in "The Man Who Played God," her breakthrough role. The movie was a success, and Warner Brothers signed Miss Davis to a lifetime of several contracts.

In 1934 she was loaned to RKO to play the cruel, slatternly waitress, Mildred, in Somerset Maugham's "Of Human Bondage."

is usually remembered for one or two roles," she said. "Like Judy Garland in 'The Wizard of Oz,' Garbo in 'Camille,' Brando in 'A Streetcar Named Desire,' Mildred in 'Of Human Bondage' was such a role for me. She was the first leading lady villainess ever played on a screen for real."

Deciding in 1936 to defy the strictures of her "slave labor" contract, Miss Davis agreed with an English company to go to London to make two movies.

Before she left, she was to confess ruefully years later, Jack L. Warner, the studio head, offered her a chance "to play one of the great screen roles of all time, but I didn't want it."

"Please don't leave — I just bought a wonderful book for you," she quoted Warner as having said. "And I said, 'I'll bet it's a pip,' and walked out of his office." She learned later the role she had turned down was Scarlett O'Hara in "Gone With the Wind."

Once she had returned to the

United States, Warners gave her a new contract calling for fewer pictures per year at a much higher salary.

In 1939 Warners released no fewer than four Davis blockbusters: "Dark Victory," "Juarez," "The Old Maid" and "The Private Lives of Elizabeth and Essex."

Memorable roles continued: the murderous and unfaithful planter's wife in "The Letter" in 1940, followed the next year by "The Great Lie" and "The Little Foxes," in which she played the scheming Giddens. In 1942 she scored in "Now, Voyager" as Charlotte Vale, the frumpish spinster who blossoms into a self-confident beauty and finds true love. Her other triumphs in the '40s were "The Man Who Came to Dinner," "Watch on the Rhine," "Mr. Skeffington," "The Corn Is Green" and "A Stolen Life."

Coincidental with the end of the Warner era, Miss Davis's third marriage, to William Grant Sherry, was ending. Previously she had been married to Harmon Oscar Nelson Jr., a band leader. Her second husband, Arthur Farnsworth, a businessman, died in 1943 from head injuries suffered in a fall.

In 1949 Miss Davis was offered a role of a lifetime in what she was to call "that charmed movie, 'All About Eve.'"

As she grew older, Miss Davis continued making movies, many of them horror thrillers or melodramas, such as "Where Love Has Gone" (1964) and "The Anniversary" (1968), in which she wore a patch over one eye.

During its filming Miss Davis became romantically involved with her leading man, Gary Merrill, and they were married in 1950. Soon afterward they decided to adopt two children, Margot and Michael.

During what she was to call her "darkest decade," the 1950s, while the marriage disintegrated, Miss Davis again played Elizabeth I, in "The Virgin Queen," and in 1956 appeared in Paddy Chayefsky's "A Case of Conscience" as Ma Huxley, a Bronx housewife, which she sometimes said had been her favorite role.

Having settled into character acting, Miss Davis in 1961 scored a success as the gin-soaked "beg lady," Apple Annie, in "Pocketful of Miracles." That year she was praised for her performance on Broadway in Tennessee Williams' "The Night of the Iguana," which she left in April 1962 to film "Whatever Happened to Baby Jane?"



Bette Davis and Leslie Howard in "Of Human Bondage" (1934).

Advancing age failed to keep her from working. She made an occasional movie for theaters and many television films, including "Family Reunion," "Strangers and 'White Mama."

She said she continued to work because she could use the money and because work was part of her Yankee heritage. She said: "It is only work that truly satisfies. I think I've known this all my life. No one could ever share my drive or vision. No one has ever understood the sweetness of my joy at the end of a good day's work. I guess I threw everything else down the drain."

De Hoffmann of H-Bomb Team Dies

LA JOLLA, California (NYT) — Frederic de Hoffmann, 65, a nuclear physicist who worked on the Manhattan Project, helped develop the hydrogen bomb and for 18 years directed the Salk Institute for Biological Studies, died Wednesday of complications from AIDS.

Doctors determined that Mr. de Hoffmann had received contaminated blood transfusions when he underwent heart bypass surgery in 1984, a spokeswoman for the Salk Institute said.

The blood was traced to an infected donor, who has also died.

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Herald Tribune

Published With The New York Times and The Washington Post

Bleak Rejectionism

On a party-line vote, Israel's divided government has rejected an American-supported Egyptian plan intended to put into effect Prime Minister Yitzhak Shamir's own proposal to start up a political process on the West Bank. Mr. Shamir's Likud Party found that the Egyptian approach to his proposal gave too much of a potential opening to the PLO, to which his own approach is designed to give nothing. His frustrated deputy, Shimon Peres, whose Labor Party supports the Egyptian initiative, observed: "Every time we reach something practical, there is a new attempt to get out of it." He said that Likud wants to create "a new Palestinian people because it's not satisfied with those in existence."

At moments during the months of deliberations on Israel's peace proposal, it seemed that Likud might be drawn into cautious support of Bush administration efforts actually to get it off the ground. It is just as possible, however, that the Shamir government made a decision to greet the new president in his first year, when a new president is furthest from pro-Israel election-year pressures, with a hard line in order to set the tone for the rest of his term.

There is a logic to this approach, if you believe, with Mr. Shamir, that the PLO and the Arabs in general are not ready for peace with Israel and that the principal danger to Israel comes from pressures put upon it by well-meaning but otherwise distracted friends. Unfortunately, there is enough Palestinian bloodthirstiness in evidence — directed now with special fury at West Bank "collaborators" with Israel — to keep the Likud logic alive.

But Labor, it must be noted, emphatically rejects this view. It is not just that much of Likud favors annexing the West Bank while Labor favors trading territory for peace. Labor does not share Likud's ideological rejection of the very possibility of peace with Arabs. Rather, Labor would explore pragmatically what the possibilities may be. This is the position of most Americans and of the U.S. government, and the sound position.

Secretary of State James Baker, refusing to take Likud's no for an answer, says Washington is still exploring. The terrain marked out by Likud's rejectionism looks bleak.

— THE WASHINGTON POST.

Seriously Embarrassed

The details emerging about the Panama coup give no fair cause so far to question President George Bush's judgment last Tuesday not to go any further in supporting the coup than he did. On the contrary, the more that comes out about the quality of his administration's intelligence, communication and policy coordination, the more evident it becomes how foolish it would have been to plunge on in the dark. This is not exactly what Mr. Bush and his aides mean when they hasten to explain that, given the information available to them at the time, they would not have done things differently. But it is true all the same. The coup left the administration with egg on its face. That is not the worst disaster that could have befallen the administration — or the country.

That the administration was operating in the dark, however, is painfully self-evident. Given any president's basic minimal requirement to run the government by an orderly process, this is a serious embarrassment.

From what has come out, intelligence and military officials on the scene seem not to have grasped the particular nature of the people and operation they were dealing with. The word appears to have been transmitted

Throw Money at It

Most problems can't be solved just by throwing money at them, but some can't be addressed any other way. James B. Busey, the head of the Federal Aviation Administration, correctly insists that America's overloaded air traffic control system is one of those that needs money — at least twice as much for capital improvements each year as is currently being spent. But that requires a commitment to tax and spend, almost an impossibility in Washington these days.

It does not take an expert to recognize that air travel is becoming increasingly unpleasant and unreliable. With deregulation, traffic has boomed. Airports, runways, terminals, baggage handling facilities and other parts of the infrastructure have not kept pace.

Neither has the air traffic control system, despite a 1982 capital improvement plan. Many travelers now allow an extra hour or more at the beginning and end of trips. Almost three-quarters of the delays are caused by weather. But the number and frequency of all delays could be reduced by more sophisticated facilities and equipment that would let controllers handle more traffic with less loss of efficiency or safety.

Mr. Busey calls for increasing capital spending on the air traffic control system from the current \$1.35 billion a year to as much as \$3 billion. He urges recognition that

Other Comment

Democracy in Due Time

Chinese Foreign Minister Qian Qichen must have struck a sympathetic chord with non-Western leaders when he said that Sino-American relations could improve if the United States accepted the premise that China had a different political system which should not be criticized. In saying this, he has espoused a principle which these leaders can easily identify with — that any government has the sovereign right to choose its own political system. Granted that Western liberalism may be desired by some people because it puts a premium on personal choice and freedom, the question facing almost all emerging countries is not whether democracy is good or bad, but when is the right time to have it. Most of these countries have yet to solve the problems of providing basic necessities such as food, shelter and security to their people. Unless people are properly fed, clothed and sheltered, it is pointless talking about liberal democracy. Democracy, thus, must be allowed to evolve in these countries at its own pace. Otherwise it will simply be a case of substituting one ideology for another, but with the basic problems unresolved.

What is unfortunate is that it is so difficult for Westerners to understand, let alone accept, such arguments. This perhaps explains the present row between the U.S. and China, which grew out of the Tiananmen

incident. It has to be said that it was not just Americans who felt outrage when the People's Liberation Army brutally suppressed Chinese students on June 4. Anyone with a sense of decency felt it, too, not only because of the excessive force that was used against defenseless students, but also because there was a wasteful loss of young lives.

The best solution is for Beijing and Washington to meet each other halfway. The Chinese leadership should ease its crackdown on dissidents and instead focus its energy on tackling the root causes of the recent social upheaval. On its part, the U.S. should avoid calling for a dismantling of communism in China as the condition for improved Sino-American relations. Ultimately, it is not just their domestic interests but also the peace and prosperity of the world which would benefit from a normalization of their relations. So, let's live and let live.

— The Straits Times (Singapore).

Pursue the Marcos Case

Ferdinand Marcos died without answering charges that he plundered his country. His wife, Imelda, and eight others still face a U.S. trial for criminal racketeering. Prosecutors should not let Mr. Marcos's death slow their pursuit of these cases. The stolen money must be found and returned to the Philippines.

— New York Daily News.

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Personal Investing/Funds 1989

FOCUS

A U.K. Debate On Disclosure

B RITISH regulators tried to come to grips this summer with some of their thornier rule-making problems. What kind of information on fees and expenses should sellers of investment products disclose, and how and when should the clients be told?

The British Securities and Investment Board believes investors will be amply protected by the standards it plans to put in force early next year for disclosing fees and expenses in the sale of unit trusts (mutual funds) and insurance policies linked to investment schemes. But a consumers' group complains that the rules fall short of giving investors the means to shop around intelligently for investments. And legislators have confused the situation with a bill that would let the financial industry's self-regulatory bodies bypass rules they deem unwelcome.

The issues revolve around the two kinds of costs investors incur—the upfront commissions paid to the sales force, and the ongoing expenses of managing the money.

Consumer advocates want to insure that investors know the amount of the commissions earned by financial advisers who sell these products. The commission question is particularly important because insurance companies have been paying higher fees in recent months to the financial advisers. And the larger the fee, the less money actually goes into the investment pool to generate future earnings.

The SIB has decided that commissions must be revealed to the buyer within 14 days of the completion of the sale. In the case of insurance policies with investment plans, buyers would be told how much the commission can be expected to reduce the prospective yield on the policy. On the sale of unit trusts, the financial advisers would be obliged to disclose the commission earned on the sale, expressed as percentage of the purchase price paid by the investor.

The Consumers' Association lost out on two points. First, it had lobbied strongly that investors should be told this information at the time of sale. They argued that it made little sense to inform the buyer after the fact. Second, the consumers' group wanted the fees expressed in actual money amounts, rather than percentages.

"The financial services industry constantly overestimates the ability of ordinary people to juggle with percentages," says Jane Vase, a spokeswoman for the association. "The situation still needs to be clarified."

On the question of when information is disclosed, the SIB defends its position by noting that the investor is fully entitled to ask at the outset how much his adviser is being paid to sell the investment.

"Furthermore," says Robin Dick, an SIB spokesman, "it is almost impossible to isolate the commission factor from the rest of the product. The investor basically wants to know what his total benefits are."

The Consumers' Association is also pressing for guidelines on how insurance companies who offer certain types of investment-linked products calculate expenses.

The issue of company expenses incurred on these products is unlikely to be clarified in the SIB rulebook until next spring. For now, the SIB is floating a proposal among the life insurance companies that they submit estimates of expenses to be followed later by the actual amount spent.

One SIB initiative has been welcomed by the industry and consumers alike. The board has called on the self-regulatory bodies in the financial services industry to draw up explanatory guides that will give to purchasers of insurance products and unit trusts at the time of sale.

But while the SIB and consumer groups try to hammer out these details, legislators have introduced a further note of uncertainty. Amendments to the Companies Bill passed by the House of Commons this summer appear to water down the regulations under which the financial services industry operates. The changes apparently allow the self-regulating organizations (called SROs) for the unit trust and insurance industries to modify or waive the application of rules in their particular sector if they feel these are too strict.

The bill itself has yet to be approved by parliament, and the Consumers' Association hopes that the changes will be struck out.

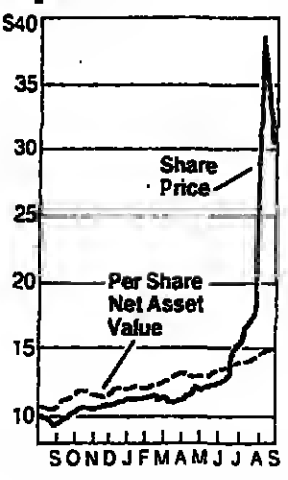
Nigel Adam

A Surge in Closed-End Funds

Share prices as a percentage of per-share net asset values.

	June 30	Sept. 30
Thai Fund	+14.1%	+39.6%
Germany Fund	-12.5%	+27.5%
Italy Fund	-21.2%	+5.7%
Helvetia Fund	-12.0%	-4.37%
Malaysia Fund	-17.6%	+11.1%

Spain Fund



The scramble by investors for closed-end funds has sent share prices soaring. Several funds whose shares had been languishing at below the value of their holdings have seen their prices surge to a premium. Bolstering investor interest has been an expansion of Wall Street research efforts. Michael Porter (right) of Smith Barney is among a new group of U.S. analysts who specialize in closed-end funds.



International Herald Tribune

The Rush for Country Funds

Prices are surging as Japan enters the fray.

DURING the summer, George Foot spotted a chance to make some easy money. The price of the New York Stock Exchange-listed Spao Fund, which had been trading at about 18 percent below the value of its portfolio, moved to a 14-percent premium over its net asset value.

The Massachusetts-based money manager could not explain why the fund should be worth more than the Spanish stocks in its portfolio. Along with many other investment professionals, Mr. Foot "shorted" the fund, expecting to profit from a fall in its share price.

Instead, the Spain Fund's share price doubled from Sept. 15 to Sept. 24, even though its net asset value only rose by a fraction. Similar advances occurred at other single-country funds in the same period. Portfolios specializing in Germany, Italy, Malaysia, and Thailand rose roughly 20 percent in price. Many other single-country funds appreciated between 5 and 10 percent.

The surge surprised many professionals—especially the short-sellers who faced big losses. Looking back, several specialists have now concluded that investor attitudes toward these funds have undergone a fundamental, positive shift in recent months. The shift has not escaped the notice of investment firms, which are rushing to cash in on the enthusiasm. So far this year, a record 23 single-country funds have been regis-

tered with the Securities and Exchange Commission.

Because these funds have a fixed number of shares, their prices can move above or below the underlying value of the fund's investments. A few country funds that offer investors their only avenue into markets otherwise closed to foreign investment—such as South Korea—often trade at premiums to their net asset value. But funds that concentrate on markets open to foreigners had until recently stood at discounts in many cases.

Laments Mr. Foot, "We've never seen equity funds that hold shares in open markets go to significant premiums over net asset value." Many European funds specializing in markets that permit direct foreign investment now trade at premiums in excess of 10 percent.

IN THE weeks ahead, prices of closed-end fund may ease in a typical correction after such a quick surge in price. But many professionals doubt that investors will soon see the steep discounts at which these funds used to trade.

"After the recent run-up, share prices are more likely to come down than go up, but it should be recognized that there has been a fundamental re-rating of single-country funds," says Thomas Herzfeld, president of Thomas J. Herzfeld Advisors, a Miami firm that tracks the performance of closed-end funds.

"The pendulum swings from undervalued to overvalued," says Michael Porter, a closed-end fund analyst at Smith Barney, "and maybe now we're getting to the overvalued stage. Gains going out from here, barring another surge in demand, are more likely to be in line with underlying markets."

The abrupt rise in fund prices can be traced to heavy buying by Japanese investors. They apparently regard the closed-end portfolios as the most con-

venient way to buy into highly touted European and Far Eastern markets.

In targeting these thinly traded funds, the Japanese buying accelerated the upward move. But by driving premiums on the funds to unprecedented levels, the Japanese have also introduced a strong element of unpredictability into future performance.

"If you just had Westerners in the portfolios, prices would probably drop. But with the Japanese involved it is hard to say what will happen," says Jeffrey Hopson, a closed-end fund analyst at the brokerage A.G. Edwards.

The Japanese pay what Westerners regard as astronomical sums for stocks

Continued on page 12

Offshore Funds That Target Asia Turn in Big Gains

By David C. Lancher

OFFSHORE FUNDS focusing on Asia's smallest stock markets scored some of the biggest gains in the third quarter, extending their strong showing during 1989.

In the three months ended Sept. 30, two funds that invest in the Philippines generated an average return of 56.3 percent in dollar terms, according to Lipper Analytical Services, while the only portfolio specializing in Indonesia tallied a 53.4 percent return. Other top-performing funds invested in Japanese small company stocks or equity warrants in Hong Kong or Tokyo. A Korean mutual fund and a portfolio holding shares in a variety of Asia's less-developed markets round out the quarter's top 10 performers.

Overall, stock markets and equity funds posted strong gains. On average, the 761 offshore equity funds tracked by Lipper showed a return of 11.7 percent, slightly ahead of the 11.2-percent gain posted by Morgan Stanley Capital International's World index. Portfolios investing in gold and in bonds underperformed equities, appreciating 7.9 percent and 2.9 percent respectively.

Growing enthusiasm over the plan for European unity in 1992 pushed funds investing in London and Continental bourses up 11.7 percent from June through September. Markets in Australia and New Zealand showed even sharper advances, with portfolios focusing on the two countries appreciating an average of 17.2 percent.

The Tokyo Stock Exchange, one of the decade's best-performing markets, registered a relatively subdued 8.8 percent return for the quarter although the 58 Japanese offshore funds showed an average appreciation of 16.3 percent. Returns in dollar-denominated offshore portfolios were fortified throughout much of the world by a slipping U.S. currency.

One area in which portfolio managers clearly underperformed was U.S. stocks. U.S. stocks rallied nearly 10 percent during the quarter, but the 96 portfolios investing there managed an average appreciation of only 6.7 percent.

Among the mainstream markets, Hong Kong achieved the best three-month return. The Hang Seng index appreciated 22 percent, slightly trailing the 24-percent average return of the 15 funds investing in Hong Kong's market. The colony's stocks, which lost about a third of their value following the June 5 student massacre in mainland

China's Tiananmen Square, are still about 15 percent shy of their 1989 highs.

CEF Hong Kong Warrant Trust posted the quarter's second-best return. Warrants are leveraged securities that give the holder the right to buy a company's shares at a set price in the future. Because warrants move faster and further than the underlying stocks, the fund was able to cash in on Hong Kong's strong recovery.

"From here on out the market is likely to be bit of a minefield," says Duncan Mount, portfolio manager of CEF Hong Kong. Continued uncer-

Continued on page 10

Offshore Funds: The Top Ten in Third Quarter

Total return in dollars

JF Philippine Trust	74.26%
CEF Hong Kong Warrant	53.35%
JF Indonesia Fund	53.35%
MIM Britannia Nippon Warrant	50.58%
CEF Pacific Ventures	45.84%
Baring Korea Fund	39.71%
JF Japan Smaller Companies Trust	39.46%
Carlymore Japan Warrant Fund	38.96%
Thornton Philippines Redevelopment Fund	38.39%
MIM Portfolio Selection Japan Smaller Cos.	35.68%

Sources: Lipper Analytical

International Herald Tribune

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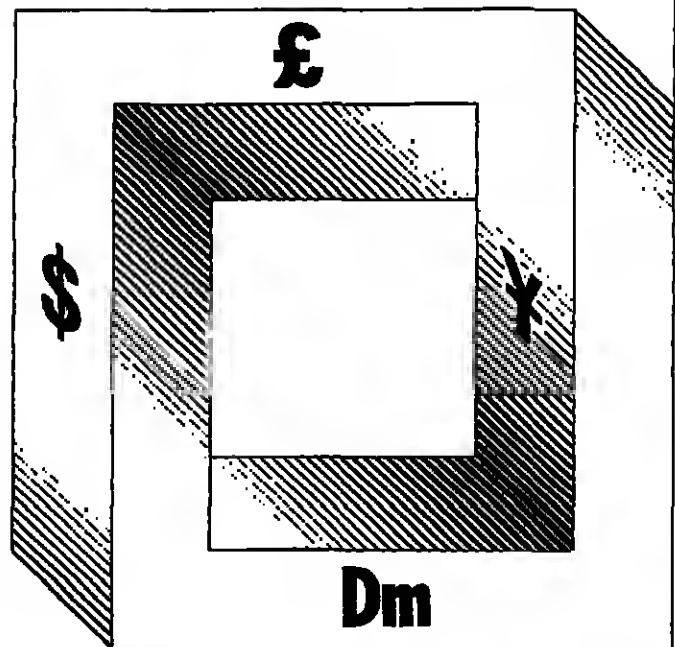
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UPDATE

U.K. Fund Groups Woo French Investors

The British hope to crack Europe's biggest market.

By Jacques Neher

NOW THAT the green light has been given for cross-border marketing of mutual funds within the European Community, foreign fund promoters have begun circling France, Europe's largest fund market.

Several British fund houses say they are studying the French market, and at least two have already launched marketing efforts to sell British and Luxembourg-based funds to French investors, taking advantage of the Oct. 1 liberalization called for in the 1985 European Commission directive on funds.

The directive allows a fund registered in one member country to sell its shares in any other, as long as the country of registration has adopted legislation recommended in the directive designed to protect investors. Most countries have adopted the legislation.

"France is the logical place to start," said Julian Rameau, managing director of MIM France S.A., a subsidiary of MIM Britannia Ltd. "It's the largest fund market in Europe and third largest in the world. Our presence here was imperative."

Indeed, at the end of 1988, French funds had a combined asset value of 202.9 billion European Currency Units, or 48 percent of the assets in all funds based in the Community. Among the major industrial nations, it ranked behind only the United States, with



Charles Walker

the equivalent of 692.1 billion ECUs in funds, and Japan, with 361.7 billion ECUs. In Europe, Britain lagged way behind France, with fund assets equivalent to 64.2 billion ECUs.

Anticipating the start of cross-border fund marketing, MIM opened an office in Paris last year. It began by offering French-managed funds, as foreign funds were still prohibited. But now it is applying to French authorities for approval to sell a range of 40 existing British-based funds and a half-dozen Luxembourg-based funds managed by MIM.

This fall, Robert Fleming & Co., the British investment group that owns the fund market-maker Save & Prosper, opened a subsidiary in Paris called Fleming Finance. The Fleming operation will offer clients a range of French and Luxembourg-based funds, as well as a handful of insurance and pension products.

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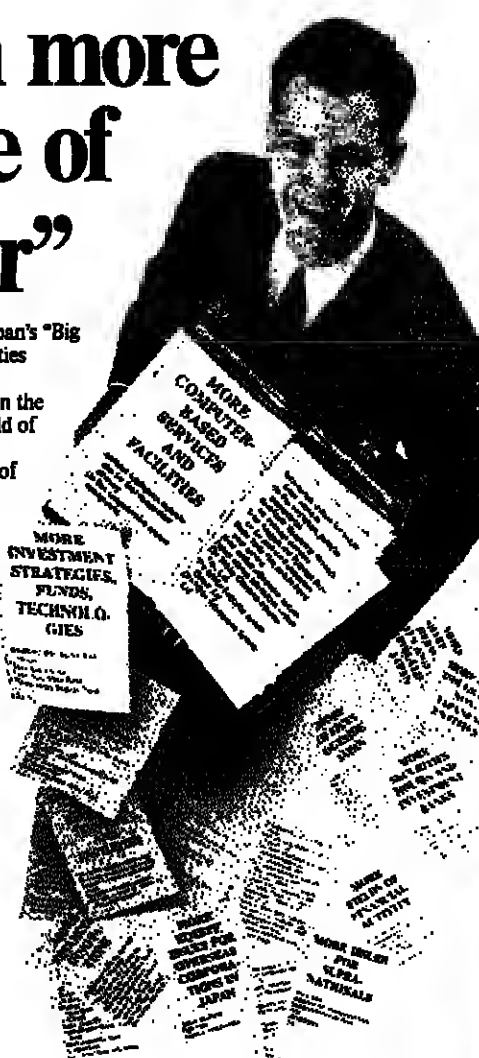
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OFFSHORE FUNDS

Fund Advisers Stress Continental Europe

They say that investors should avoid the U.K.

By Nigel Adam

EUROPEAN equity markets look increasingly attractive with the exception of the United Kingdom, where prospects are worsening, according to three investment advisers who were asked to construct a \$50,000 model portfolio of offshore funds.

The Far East continues to command a major allocation of equity funds although two of the portfolios have cut their exposure to Japan since the last Personal Investing report on funds (April 9). The models are designed for a dollar-based investor, who favors growth over income and prefers only moderate risk.

Stock Group, formerly Hoare Govett's fund advisory group, has sold all its U.K. holdings in anticipation of a decline in sterling against the dollar. The beneficiaries are Continental Europe, up from 15 percent of the portfolio to 20 percent, and the Pacific region, accounting for no less than 70 percent. Commodities remain unaltered at 10 percent.

"We place major emphasis on the currency factor," says Andrew Christensen, assistant director of Stock Group, in the Channel Islands, "and this explains our heavy exposure to Japan of over 40 percent. The strength of the economy and a growing role for the yen as a reserve currency can only lead to its appreciation." Mr. Christensen expects a rate of 125 yen to the dollar a year from now. Currently, the dollar stands at about 140 yen.

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Jardine Fleming Japan Trust	\$10,000
Fleming Flagship Japan Fund	\$5,000
MIM Britannia Nippon Warrant Fund	\$2,500
Jardine Fleming Pacific Income Trust	\$7,500
Jardine Fleming Eastern Trust	\$7,500
Fleming Flagship Eastern Opportunities	\$2,500
Man Min Limited Fund	\$5,000

PORTFOLIO 3 Kleinwort Benson Investment Mgt. Ltd.	
Kleinwort Benson Int'l Accumulation Bond Fund	\$5,000
Kleinwort Benson Smaller Companies Trust	\$2,500
Kleinwort Benson Signet Fund	\$5,000
Kleinwort Benson Pinechurch U.S. Growth Fund	\$7,500
Kleinwort Benson European Special Trust	\$10,000
Kleinwort Benson (C.I.) Japan Fund	\$7,500
Kleinwort Benson (C.I.) Far East Fund	\$7,500
U.S. \$ Deposit (Cash)	\$5,000

International Herald Tribune

By the same criteria, Stock Group's European portfolio is 36-percent invested in West Germany in anticipation of a strong Deutsche mark. "Nor are we overlooking Switzerland, whose currency has been out of favor but should at least stabilize in the coming months," says Mr. Christensen.

Kleinwort Benson also cut its U.K. exposure by reducing its holding in the Smaller Companies Trust from 15 percent to 5 percent. U.K. smaller-company stocks have underperformed the overall market this year. Proceeds were switched into the Signet Fund, which invests in major U.S. corporations. Together with Kleinwort's 15-percent holding in Pinechurch, a fund specializing in U.S. smaller stocks, its U.S. exposure has been lifted to 25 percent.

"If the U.K. corporate sector is going

suffer, the smaller companies will suffer most," says Peter Saunders, director of private client services at Kleinwort Benson Investment Management. "I don't see an early end to that situation, even if they prove worthwhile in the longer term."

Kleinwort is maintaining its relatively high allocation of 20 percent to Continental Europe with France, Switzerland and the Netherlands especially favored. It has cut its exposure to the Tokyo market from 20 percent to 15 percent, moving the balance into other Far Eastern stocks.

"Japan is not unattractive but I consider that neighboring Pacific countries offer better value," says Mr. Saunders.

Hill Samuel has made one major change in its portfolio by switching some invest-

ments out of the Far East into Europe, its holding in the Crossbow Fund — a mix of Japanese and other Pacific stocks — down from 32 percent to 27 percent to the benefit of the European Equity Fund.

"Europe has been our favorite region since early July," says John Stephens of Hill Samuel. "We don't believe Japan has any further upward momentum, given the possibility of rising inflation and a weakening currency."

Switzerland, France, the Netherlands and Belgium rank high on the merchant bank's list of preferred markets.

"However, I expect Germany to remain flat for the rest of this year," adds Mr. Stephens.

Heavy Hitters in Baseball Memorabilia

By Cynthia Catterson

FANS of New York Mets player Greg Jefferies may not be the only ones disappointed with the rookie infielder's first full season with the team.

Collectors of baseball memorabilia had pegged Jefferies as a shoe-in for the 1989 National League Rookie of the Year award. As early as spring training, baseball cards depicting Jefferies in uniform, backed by statistics from his brief appearance in the major leagues in 1988, were selling for as much as \$5 each.

"Rookie cards, in general, are the most valuable of a player's career, and even more so if he is Rookie of the Year," notes Richard Gelman, president of Card Collector's Co. in New York.

But neither Jefferies nor the Mets will be taking the field when the World Series opens this month. Moreover, his failure to play up to expectations and the Mets' second-place showing in its division took its toll on more than just the fans' morale. Jefferies' rookie card now sells for about \$2. By comparison, Seattle Mariner rookie Ken Griffey Jr.'s hot bat fired demand for his card, which started the year at \$2 and now sells for about \$12.

Time will tell whether Jefferies will make it up to speculators in the course of his baseball career. But buyers of his first card do not have much room for complaint. After all, the card came along with 11 others

and a stick of bubble gum in a package that sells for about 50 cents.

Indeed, collecting baseball memorabilia is still a field where mementoes can be found for a little more than spare change. Even so, experts say that the market has been rising steadily. Many quality vintage items have more than doubled in price in the last six months.

At a June auction at Christie's East, a baseball signed in the early 1940s by New

York Yankee Joe DiMaggio and Babe Ruth fetched \$9,900, well above the \$1,200-to-\$1,800 estimated value.

"It wasn't long ago that Babe Ruth's signature was a \$1,500 item. Today, it's more like \$5,000 and up," says Bob Lenke, publisher of the Sports Collectors Digest.

Mr. Lenke notes that advertising space in his weekly journal, both listing items sought and those for sale, has increased some 30 percent since the beginning of the year.

To some baseball buffs, anything from an

To some baseball buffs, anything from an old team program to a ticket stub from a decisive game can be a treasure.

old team program to a ticket stub from a decisive game can be a treasure. A \$30 contract signed with the Topps baseball card manufacturer in 1952 by New York Yankee great Mickey Mantle in his rookie year sold for \$16,000 at a Guernsey's auction in New York in August. Its estimated value was \$3,500.

At that same sale, an original 3-inch painting of Mickey Mantle that was used for a series of 1953 Topps baseball cards

with Babe Ruth and includes Lou Gehrig, Mickey Mantle, Whitey Ford, Joe DiMaggio, Henry Aaron, Willie Mays and Ted Williams, to name just a few.

RELICS associated with any of the 204 Hall of Fame players are worth more than fine players who never achieved that recognition for their performance in their careers. A 1954 mint condition Topps card of Philadelphia outfielder Richie Ashburn, whose talents many believe were overlooked, sells for about \$25. On the other hand, a card of Ashburn's contemporary and Hall of Fame inductee, catcher Yogi Berra, sells for about \$200.

Jewelry given to World Series champions is highly coveted. Championship rings from contemporary teams are valued at a minimum of \$2,500. One of the highest prices paid for such a piece was \$17,000 for a gold and diamond World Series ornament from 1904 that was originally presented to John J. (Little Napoleon) McGraw, the Hall of Famer who managed the New York Giants from 1903 through 1932.

In this case, the history associated with the medal helped boost its value. The World Series playoffs as they are known today, where the National League pennant winners play their American League counterpart, did not take place in 1904 because the feisty McGraw refused to acknowledge the infant American League as a legitimate contender.

Asian Funds Continue Strong Showing

Continued From Page 9

tainty surrounding the political and economic policies of China, Hong Kong's principal trade partner and future ruler, may hinder a complete rebound in the Hang Seng Index.

CEF Pacific Ventures, a regional fund managed by Mr. Mount, also made the top 10 list, achieving a 45.8 percent return. Mr. Mount attributes much of the fund's success to concentrating its assets in a handful of Hong Kong listed stocks and warrants, as well as investments in Indonesia and the Philippines. The portfolio's other holdings were in Thailand, Singapore and Malaysia.

Top honors for the quarter go to the Jardine Fleming Philippine

Trust, which saw its Manila-listed shares rise 74 percent.

"That's based largely on one holding," reports Michael Koh, the portfolio manager. A 13-percent stake in Ayala, a property group the owns most of Makati Avenue — the main business street in Manila — nearly quadrupled in price during the quarter. Mr. Koh explains that the company is viewed as a broad play on the Philippine economy and says that most of the gain was fueled by foreign interest.

The relatively meager 15-percent appreciation of the Manila Stock Index, which does not include "Class B" stock — the only shares foreigners can purchase — illustrates the importance of overseas demand. The Jardine fund is restricted to the purchase of these nonresident issues.

In the short term, Mr. Koh says market growth may be flat or negative, a result of inflation concerns and high interest rates. But he adds, "Continued foreign interest should provide support in an otherwise unfavorable environment."

The Manila market has been buoyed by the recent launch in London of a closed-end fund of Philippine equities. Another closed-end fund targeting Manila is expected to be launched in New York this fall.

The Jardine Fleming Indonesian Fund, launched in March, was the third best performing fund of the quarter, rising more than 53 percent. "We chose the right market," says Lin Chee Ming, explaining the fund's success. Indeed, the 18 companies listed on Jakarta Stock Exchange proved to be some of the hottest stocks of the quarter, posting an average return of 48 percent in three months.

The fund's best performing stock was Jakarta International Hotel. The luxury hotel company's shares appreciated 94 percent in the three months from June to September, Indonesia, which opened up its economy to foreign investment within the last year, "is gearing up for a tourist boom," says Mr. Ming. With 175 million inhabitants, Indonesia is also representative of one of the largest and least-developed consumer markets in the world.

Also making the top 10 were three funds investing in Japan. MIM Britannia Nippon Warrant fund benefited from "an imbalance between supply and demand as well as leveraged nature of warrants," according to Peter Glynn-Percy, the fund's portfolio manager. This was the first year of strong institutional demand for warrants, which were touted as a way to wring more return out of markets.

"That supported warrants despite a fairly lackluster quarter for stocks," says Mr. Glynn-Percy. One sector of the Japanese market to appreciate significantly during the quarter was smaller companies.

"The sector was significantly undervalued when compared with the blue chips," says Craig Nelson, manager of the Jardine Fleming Smaller Company Trust.

Japanese small companies appear fairly inexpensive when compared with larger companies, notes Mr. Nelson. The price-earnings ratio of smaller issues are on average lower than those of the Japanese blue-chips. In other major markets, smaller stocks tend to

trade at higher price-earnings ratios than larger stocks.

Mr. Nelson says the lower price-earnings ratio on smaller stocks made them look attractive as political troubles and rising interest rates rocked the bigger Japanese stocks earlier in the year.

Overall Leaders	
12 months	
MIM Britannia Nippon Warrant	215.00%
JF Philippine Trust	187.00%
Provident Special Markets	122.00%
Gardiner Japan Warrant Fund	100.00%
CEF Hong Kong Warrant Trust	100.00%
Baring Korea Fund	98.00%
Gest Hedge Fund	95.00%
CEF Pacific Ventures	92.00%
Baring Indonesia Singapore	87.00%
JF ASEAN Fund	78.00%
Five Years	
JF Philippine Trust	1,470.00%
JF Japan Trust	970.00%
Santitas Portfolio	500.00%
JF Pacific Income Trust	300.00%
Lazard Japan International	210.00%
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Source: Lipson Analytics & Services

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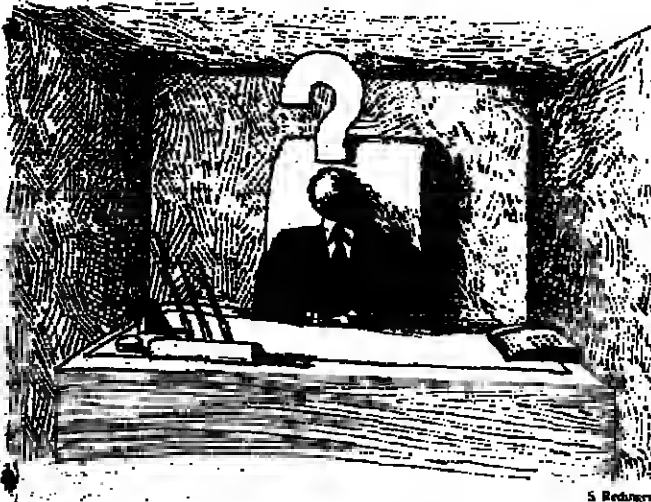
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MUTUAL FUNDS



Who's Running The Portfolio?

Funds should identify managers, SEC says.

By David C. Lanchner

THE SECURITIES AND Exchange Commission is headed for a showdown with the mutual fund industry over disclosing the identity of portfolio managers to investors.

Individuals who buy funds on the basis of past returns rarely know who is responsible for that performance. This suits investment company executives — they do not need to worry about people bailing out of funds when key advisers leave. But it does not sit well with regulators.

To dispel any mystery about who manages funds, the SEC is about to formally propose that investment companies list to investors the names of portfolio managers and the length of time they have been working at the funds. An identical proposal is currently being considered for closed-end funds.

"People buy mutual funds because of their performance records," says Bob Plase, an attorney with the investment management division of the SEC. "The indication of how funds will do in the future, people should know if the people running the fund are the same as those in the past."

Financial planners, newsletter writers and other independent experts generally agree with Mr. Plase. But a number of mutual fund companies dispute the importance of being able to match up performance records with the tenure of particular advisers.

"There is not just one person behind Fidelity, there is a huge staff," says Tracy Gordon, a spokeswoman for Fidelity Management and Research, one of the country's largest fund groups. If people associate a fund with one individual, "they may leave it for the wrong reason," adds Ms. Gordon.

Even in the case of Peter Lynch, the celebrated manager Fidelity's Magellan Fund, people can place undue emphasis on the talents of one person, according to Ms. Gordon. "If he were to leave, the success and investment style of his

portfolio would probably not change," says Ms. Gordon.

Others disagree. "If the returns of the Magellan fund can be attributed to the advisory company and the structure they set up, then why aren't all Fidelity funds top performers?" asks Kurt Brouwer, a San Francisco financial adviser who specializes in mutual funds. "The notion that a fund's success does not depend on an individual or two or three crucial people is absurd," he says.

Although Fidelity has a number of funds with superior performance records, it has never managed to clone the Magellan Fund according to Eric Kobrin, editor of Fidelity Insight, an independent newsletter that tracks Fidelity portfolios. Mr. Kobrin, who used to work at the fund group, says that Fidelity's failure to replicate Magellan is due "to the very peculiar and individual nature of managing money."

"The basic course for potential managers at Fidelity University is to become an analyst and to work with Peter," he observes. "Some of those analysts have become successful managers, but they have their own investment styles."

The argument against disclosing the name of portfolio managers in prospectuses makes the most sense at committee-run funds. Indeed, to the past it was the opposition of such fund groups that persuaded the SEC to table proposals for listing portfolio managers. Even at these funds, however, claims that a key adviser is not largely responsible for superior performance are suspect.

TWENTIETH Century Funds, one of the most famous committee-run groups, depends heavily on one portfolio manager, founder James Stowers. Mr. Stowers developed the computer programs for all Twentieth Century funds and exercises veto power over the stock picks of his fellow managers. Although executives at the fund group maintain that his departure "would have no significant impact on investment style or performance," they do not object to listing in the prospectus the four or five key people at each fund.

"The new SEC proposals are broad enough so that we can explain how our system works," says a spokesman for the fund.

The current proposal to list portfolio managers is the third in 10 years. Previous attempts used more detailed language.

Twentieth Century's failure to object to the proposal is only one sign that the regulation may encounter only weak resistance this time around.

A Look at What the Newsletter Gurus Recommend

By Cynthia Catterson

INVESTORS who have the urge to sock away a little money to mutual funds can quickly find themselves drowning in alternatives. Even a quick glance through the lengthy fund listings to newspaper financial sections will give some indication of the difficulty of selecting a mutual fund from the thousands of offerings.

Given the vast choice, it is hardly surprising that many investors turn to one of the scores of newsletter advisers who offer mutual fund recommendations. These newsletters differ widely in their investment approach and the quality of advice, but they all seek to bring a little order to the confusing world of mutual funds.

Though the most successful newsletter advisers have provided solid returns for the readers over the years, they seldom outperform the markets. One reason is that only a fraction of mutual funds themselves consistently manage to beat the market. Another factor is that many advisers follow conservative strategies geared to a risk-averse readership.

Here is a survey of current recommendations of four of the best performing newsletters:

When to Switch



Dick Fabian

closing quotes over 39 weeks. When the current price exceeds the 39-week average, Mr. Fabian regards the fund as in an uptrend and suitable for purchase.

Mr. Fabian uses this approach to signal when investors should abandon stocks and seek shelter in money market funds. When the current average of a group of funds tracked by the newsletter drops below its 39-week average, readers are urged to sell their stock mutual funds.

To switch or not to switch. That is the question that Dick Fabian's Telephone Switch Newsletter has been answering for readers for more than 12 years.

Based in Huntington Beach, California, Mr. Fabian has based his fund recommendations on 39-week trends in fund prices. Simply put, he calculates the average price for a fund using weekly



John E. Walsh

"You don't have to trade often to follow our plan, but it requires discipline to monitor the signal on a regular basis," says Tom Lydon, a spokesman for Mr. Fabian. Switches in and out of the market are not that frequent. In the last 12 years, the model portfolio has moved in and out of the market only 11 times. The last "buy" signal for equity funds was Dec. 6, 1988.

The five equity funds currently included in the newsletter's index are Stein-Roe Capital Opportunities, Dreyfus New Leaders, Fidelity Capital Appreciation, Columbia Growth and Financial Program Dynamics. The newsletter also monitors international and gold funds.

For the first seven months of 1989, the newsletter's model portfolios are up about 14 percent, according to Hulbert's Financial Digest, a service that tracks the performance of newsletter advisers. That's far off the 27.2 percent pace set by the Standard & Poor's 500 Index in the same period. But it still merits a sixth place standing in Hulbert's ranking of the performance of mutual fund newsletter advisers over the three years ending last July.

Going for Consistency

The United Mutual Fund Selector has been guiding readers through the thicket of fund offerings for more than 20 years, making it one of the more durable newsletters in the field. Twice a month, readers receive a 12-page report densely packed with statistics on the performance of more than 1,100 mutual funds and leavened with articles on topics such as ethical investment and small-company investment.

"We just provide the basic information," says John E. Walsh, the editor. "It's up to our readers to decide how much they want to put in one fund or

another." But the newsletter does maintain a "supervised list" recommending funds for purchase and sale. The recommended list runs long — typically about 40 funds.

In its recommendations, United aims for long-term, consistent returns. The consistency can be seen in the rankings by Hulbert's Financial Digest. United's model portfolio has ranked among the top 10 mutual fund selectors since Hulbert began monitoring the newsletter in 1986.

So far this year, followers of United's conservative, safety-first approach have sacrificed some performance. The United Mutual Fund Selector has gained 18.8 percent through the end of July, compared with the S&P 500's 27.2 percent gain, according to Hulbert's calculations.

A Sector Play

Charlie Hooper, editor of the Mutual Fund Strategist, belongs to the camp of investors who track technical trading trends. His Mutual Fund Strategist employs an elaborate investment model that focuses on such factors as which sectors of the market are performing the best, how many stocks are rising and how many falling, and the ebb and flow in trading volume.

The strategy seems to be working. For the three-year period ending July 3, the Mutual Fund Strategist model portfolios were up an average 70.1 percent.

Mr. Hooper recently advised his Sector Portfolio investors to switch 100 percent into Fidelity Medical Delivery sector fund, from the Fidelity's Broadband and Media fund, which he had recommended in late July.

For the Charles Schwab diversified equity portfolio, up 17.6 percent for the year, Mr. Hooper recommended 100 percent investment in the Janus Twenty Fund, an aggressive growth fund.



Charlie Hooper

View From Whitefish



James B. Stack

profit from changing market conditions. To judge the market, Mr. Stack employs a combination of 19 statistical indicators that measure such factors as interest rate trends and underlying trading patterns.

Again, the byword is safety. "The first thing we do is determine whether the stock market is safe place for investors to be," says Mr. Stack. Each issue contains analyses of about 30 funds, broken down into nine categories of investment objectives.

Mr. Stack has been advising a defensive stance since the beginning of 1989. He is worried by negative signals from interest-rate indicators and signs that fewer stocks are participating in the market's upward move.

"This is not only an indication that the rally cannot continue, but it also could be a signal of more than just a temporary correction," he says. Based on such cautious readings, Mr. Stack favors Vanguard Investment Grade Bond Fund and Columbia Fixed Income Fund among the bond funds and Vanguard's Wellington Income Fund among the equity income funds.

Mr. Stack has spent most of the year on the sidelines, which has hurt his performance. The InvestTech model portfolio gained only 5 percent in the first seven months of 1989, according to Hulbert's service.

"Our returns for 1989 have been lower than broad market averages, but since our inception almost five years ago we are still near the top in performance," he says.

EC Liberalization Makes U.K. Fund Firms Look to France

Continued From Page 9

the harder, Mr. Moxley counters that clients will be willing to pay extra for service.

"What we're selling is an advisory service," he says. "The value added is clear."

MIM is taking a less risky approach, pursuing a variety of distribution paths. One is to provide funds for sale by French institutions, banks and brokers — a sort of wholesale approach. MIM has

also moved to set up marketing or management partnerships with French fund managers. Sales by independent financial advisers and by mail and advertising round out the strategy.

In targeting the banks' traditional market, however, the newcomers are chasing a moving target, says Pierre Boeglin, an official with the French Mutual Fund Association. The more competitive environment, he believes, will force the banks to improve their

products, service and expertise.

Already, several French banks have begun selling shares to newly formed Luxembourg-based umbrella funds, even though France still does not permit such funds.

The banks are also taking advantage of new funds legislation passed this summer by launching so-called capitalization funds. These funds are designed to shelter interest income from taxes by automatically reinvesting it rather than distributing it to fund hold-

ers. Up to now, French funds have had to distribute interest income. Dividend income must still be distributed.

Even without foreign competition, the dynamics of fund marketing are likely to change later this year with a government plan to permit trading of fund shares on the Paris stock market. This could change the current relationship between banks and clients.

"France is the biggest market in Europe, but it's also the most difficult," says Mary Blair, product

development director for Fidelity. "The French institutions are the most insular — they're just not open to foreigners."

However, MIM's Ms. Rameau predicted that resistance will begin to melt after firms that specialize in measuring fund performance, such as U.S.-based Lipper Analytical Services, arrive in Europe "to show investors that the foreign investment houses may be outperforming the locals."

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101.64%
88.36%
88.69%
82.84%
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678.98%
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Japan has without question provided the investment success story of the 1980's and now the unrivalled opportunities look set to continue well into the next decade.

How unfortunate that most level-headed investors, though aware of this, are still not prepared to risk precious capital in unfamiliar situations so far afield for fear of getting their fingers burned.

The new MIM Britannia Guaranteed Nippon Warrant (1994) Fund removes all the risks but NOT the potential for reward.

HOW DOES IT WORK?

Part of your investment goes into the existing Nippon Warrant Fund - by far the most successful Japanese equity offshore fund in the world over the past year.

(Source: Lipper Fund Performance Tables).

The Nippon Warrant Fund started on 21st August 1986 and has appreciated by 771% since launch. An investment of \$5,000 into the Fund on 21st August 1986 had produced a capital gain of \$33,580 by 21st August 1989.

Whilst you enjoy the prospects of substantial growth, part of your investment purchases a Promissory Note which is issued by Citibank N.A., Jersey Branch. This will ensure that sufficient capital is provided to repay \$10 per share for each share held for the full five year term of the Fund.

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Investors should note that past performance is not a guide for the future and that the value of the portfolio associated with the Nippon Warrant Fund can go down as well as up.

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THE MIM BRITANNIA GUARANTEED NIPPON WARRANT



STRATEGY

Country Funds Soaring

Continued From Page 9

in their own domestic market, and their interest may continue to prop up single-country fund prices. Even if the funds come off their highs, several factors unrelated to the Japanese have made it unlikely that the portfolios will fall to their traditional discounts.

"The funds have gone through a cycle of great interest among the press and retail brokers," notes Mr. Foot. That kind of promotion, combined with expectations surrounding Europe's unified market in 1993 as well as further strong growth in the smaller Far Eastern countries, has created considerable excitement among retail investors. Discounts have been narrowing since January, making it tougher for investors who stress buying funds trading at prices well below their net asset value.

"Conservative investors should still only buy funds at discount, but more aggressive players who want a level of speculation and risk could chase funds at small premiums," says Mr. Herzfeld. Single-country portfolios still at a discount to net asset value include the U.K. and Helvetia Funds. Even these funds, though, have seen share prices climb more quickly than net asset values.

Out of the 13 single country portfolios tracked by Mr. Herzfeld's firm, only the Taiwan Fund's shares, which are traded on the New York Stock Exchange, have significantly lagged the value of underlying investments. The fund put in the second best performance this year in terms of net asset value. But in terms of actual share appreciation, the fund ranks only 10th.

Some foreign investors have steered clear of Taiwan because of fears that its market is overheated. Government attempts to impose tougher regulations on local securities firms and worries about a tightening of credit have added to the concern.

Local investors, however, have continued to pour money in the Taipei market. The result: the Taiwan Fund's net asset value has risen 69 percent so far this year, while the share price has advanced 41 percent.

Analysts argue that if Taiwan continues to hit new highs, investor pessimism will change to optimism, allowing share prices to catch up to the fund's net asset value. Of course, if the Taiwan market falls before that happens,

the share price will not move to the net asset value. In that case, contrarians who accurately bet on the market's rise for much of the year will miss out on the increase.

"These funds tend to develop a life of their own that has little to do with the underlying portfolio. It is a market of wishful thinking where expectations may diverge sharply from actual performance," says Mr. Foot.

In general, Mr. Foot prefers investing in the dozen or so single-

country funds listed in London. Discounts have been narrowing in London, but the dramatic run-up that occurred in New York did not happen there. According to analysts, the Japanese have avoided British funds because U.K. institutional investors, who buy most of the shares in these portfolios, lose interest in funds once they move to premiums.

"Share prices might not track net asset value as accurately as one might like in London, but in most

cases you don't have to worry about paying a premium that could collapse," says Kim Jones, a closed-end fund analyst at S.G. Warburg in London.

Currently, London analysts cite Japanese funds such as Baillie Gifford Japan and Fleming Japan as undervalued. Investors avoided these portfolios for much of the year because of domestic political troubles and rising interest rates in Japan.

David C. Lancher

September Market Scoreboard

Best Performers

Percent Price
Change Sept. 29

Worst Performers

Percent Price
Change Sept. 29

New York Stock Exchange:

Compiled by Media General Financial Services. Prices in dollars

Spain Fund Inc.	+88	31.88	Kolmogorov Corp.	-35	16.00
AVX Corp.	+51	30.13	Mohasco Corp.	-31	19.25
Germany Fund Inc.	+44	13.00	Harcourt Brc. Jov.	-30	17.13
L.A. Gear Inc.	+42	42.50	Baldor Electric	-28	23.50
Storage Tech. Corp.	+36	13.63	Russ Togs	-26	10.38
Italy Fund Inc.	+35	13.13	Allergan Inc.	-21	18.88
Columbia Pictures Ent.	+34	26.63	Pep Boys	-20	36.63
Tidewater Inc.	+29	11.63	Quantum Chemical	-20	22.38
Ogden Projects Inc.	+29	25.25	Hexcel Corp.	-17	22.00
Federal Nat'l. Mortgage	+28	126.00	First Bank Sys.		

American Stock Exchange:

Central Pacific Corp.	+75	25.75	Blessings Corp.	-22	14.00
First Iberian	+54	15.00	Texas Air Corp.	-18	17.75
Thermo Cardiosystems	+40	13.25	American Fruc. (B)	-15	16.50
BSD Bancorp. Dela.	+36	12.00	Continental Mater.	-15	16.88
Atari Corp.	+33	12.00	Andahl Corp.		

Over the Counter:

Int'l Hldg. Cap.	+68	23.88	Action Auto Rental	-39	10.25
Guber-Peters Enter.	+54	17.13	Adobe Sys. Inc.	-30	22.00
Connaught Biosciences	+50	32.88	Garrington Labs. Inc.	-27	13.00
Old Dominion Sys.	+47	12.50	Venturian Corp.	-24	24.75
Noxell Corp. Cl. (B)	+46	31.75	Stratus Computer		

London Stock Exchange:

Compiled by Morgan Stanley Capital International. Prices in pence

Jaguar	+38	570	FIJ (Babcock)	-23	88
Polly Peck Int'l	+19	333	Dixons Group	-15	142
Barrat Developments	+15	185	T.N.	-14	215
United Scientific	+14	180	Burd	-14	132
Securicor (Group A)	+11	683	Lorho	-14	285
Astec (BSR)	+10	53	British Comm. Holdings	-13	146
Willis Faber	+10	24	Cookson Group	-13	320
Schroders	+10	1,425	Ashley (Laura) Holdings	-12	85
BPB Industries	+9	263	Mount Charlotte	-12	81
Commercial Union	+9	451	Beristord Int'l	-12	144

Tokyo Stock Exchange:

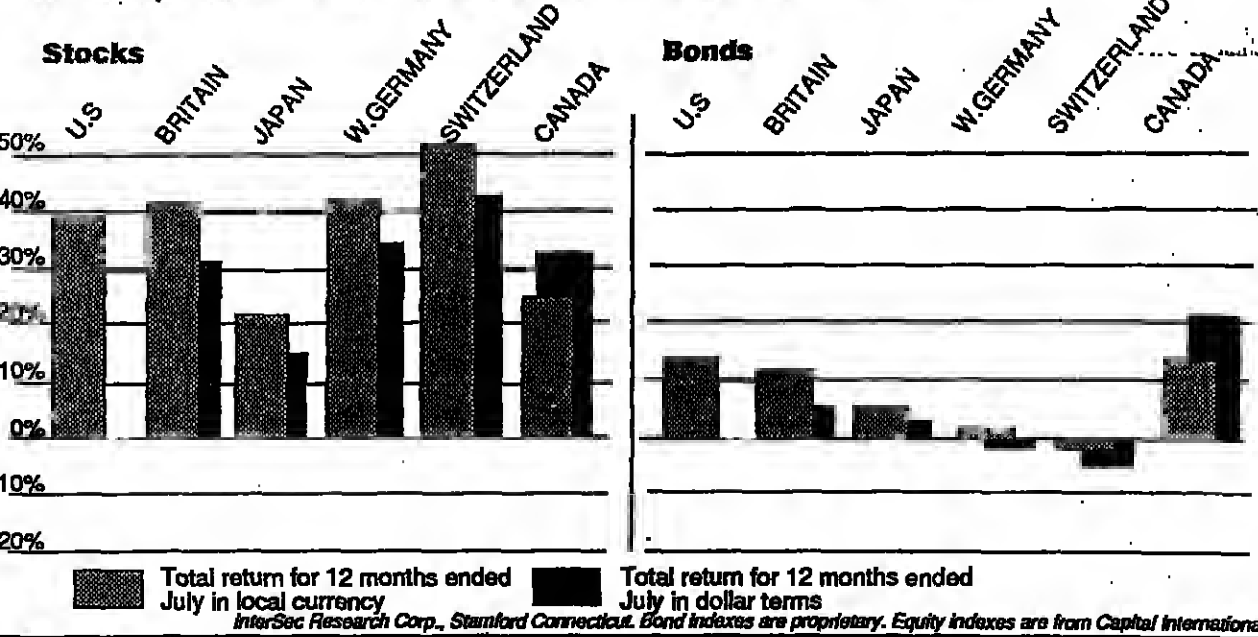
Compiled by Morgan Stanley Capital International. Prices in yen

Nippon Chemical Ind.	+55	1,780	Otsuka Titanium	-13	2,310
Inageya	+55	5,200	Nippon Stainless Steel	-12	1,140
Sofu Railway	+45	7,840	Kokusai Kogyo	-12	2,330
Nippon Soda	+41	1,310	Daido Steel Co.	-10	1,280
Toei Co.	+41	1,840	Nippon Metal Industry	-9	9,650
Nissen Fire and Marine	+40	4,530	CSK	-8	1,020
Shokusan Jutaku Sogo	+35	1,310	Shimizu Petrochemical	-8	5,280
Hanjin Corp.	+35	1,440	Godo Shusai	-7	1,700
Katsura Industries	+33	5,600	Tokyo Sash	-7	7,730
Isetan	+32	4,910			

International Herald Tribune

Total Return for 12 Months

Total return measures both the changes in the prices of securities and the income they provide either in dividends or interest. Gains or losses were measured by comparing market indexes with their levels a year earlier. The chart does not take into account taxes or inflation.



International Herald Tribune

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LOTTO 6/49 SUBSCRIPTION ENTRY FORM

1 10 20 30 40	2 10 20 30 40	3 10 20 30 40	4 10 20 30 40	5 10 20 30 40	6 10 20 30 40
11 21 31 41	11 21 31 41	11 21 31 41	11 21 31 41	11 21 31 41	11 21 31 41
2 12 22 32 42	2 12 22 32 42	2 12 22 32 42	2 12 22 32 42	2 12 22 32 42	2 12 22 32 42
3 13 23 33 43	3 13 23 33 43	3 13 23 33 43	3 13 23 33 43	3 13 23 33 43	3 13 23 33 43
4 14 24 34 44	4 14 24 34 44	4 14 24 34 44	4 14 24 34 44	4 14 24 34 44	4 14 24 34 44
5 15 25 35 45	5 15 25 35 45	5 15 25 35 45	5 15 25 35 45	5 15 25 35 45	5 15 25 35 45
6 16 26 36 46	6 16 26 36 46	6 16 26 36 46	6 16 26 36 46	6 16 26 36 46	6 16 26 36 46
7 17 27 37 47	7 17 27 37 47	7 17 27 37 47	7 17 27 37 47	7 17 27 37 47	7 17 27 37 47
8 18 28 38 48	8 18 28 38 48	8 18 28 38 48	8 18 28 38 48	8 18 28 38 48	8 18 28 38 48
9 19 29 39 49	9 19 29 39 49	9 19 29 39 49	9 19 29 39 49	9 19 29 39 49	9 19 29 39 49

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1 Game \$ 45. \$112. \$ 225.		
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5 Games \$225. \$562. \$1125.		
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FROM MEDICAL CHECKS

MONDAY, OCTOBER 9, 1989

EUROBONDS

Bond and Dollar Strength Set Stage for Italian Deal

By CARL GEWIRTZ
International Herald Tribune

PARIS — The run-up in U.S. bond prices last week and the resilience of the dollar on the foreign-exchange market should set the stage for a hearty welcome on the Eurobond market this week when Italy puts on sale a jumbo issue of \$1.5 billion of five-year notes.

Demand for the dollar, which has been sustained despite intense efforts by central banks to drive down its value, has so far done little to spur new-issue activity in the Eurobond market. In part this appears to be due to borrowers waiting for interest rates to fall before tapping the market and in part to the more attractive financing that has been available by using vehicle

European rate rises should spur the issuance of U.S. dollar bonds.

But last week's interest-rate increases by eight European central banks, led by the West German Bundesbank, will cut into the profitability of currency swaps and should contribute to a heavier flow of straight Eurodollar bonds.

International Business Machines Corp., Denmark and Belgium are reported to be sounding out bankers for terms on new issues.

The Italian issue will be the largest yet floated in this sector of the market. The World Bank last month raised \$1.5 billion, but that paper was marketed simultaneously in the U.S. market as well, where about one-third of the paper was placed.

Morgan Stanley & Co., which is arranging the placement of the Italian paper, said final terms would be set Tuesday. U.S. financial markets are closed Monday for the Columbus Day holiday.

The notes were being offered to yield between 42.30 to 45 basis points more than comparably dated U.S. government notes. Given the strong initial response to the offer, a spread of 42 basis points is likely to be the final outcome. Underwriters will earn a commission of 1/4 percent, or 25 basis points.

An equally large issue was floated last week for Nissan Motor Co., but it was in the form of bonds with warrants to purchase shares in Japan's second-largest auto company.

ITS \$1.5 BILLION of four-year notes carried a coupon of 3 3/4 percent, just about the lowest seen so far this year. Although U.S. government bonds have been declining all year, the current level is still a full percentage point higher than the lows seen in previous years.

Even so, Nissan did well. Bankers estimate that by swapping the proceeds into yen, the company ended up paying not more than 1/4 percent for its money and possibly only 1/2 percent.

Rhône-Poulenc SA, the French state-owned chemical company, last week announced plans to increase its capital through the sale of 300 million worth of nonvoting "participating shares" in New York and in other markets. Each share will carry four, three-year warrants giving rights to the purchase of one additional share.

The company's ability to raise capital is constrained by the fact that the Socialist government has ruled out selling off any state-owned enterprises or increasing capital because of its budget deficit.

To get around that, the company last year was given permission to increase its capital by 5 billion francs (\$781.2 million) through the sale of perpetual capital notes — an operation whose economics hinged on a tax deduction that the government is no longer willing to concede.

Rhône-Poulenc has also fully used its ability to issue investment certificates, a kind of nonvoting cumulative preferred stock carrying a fixed payment, which by French law cannot amount to more than 25 percent of its share capital because holders have a call on the assets in the event of liquidation.

There is no restriction on how much of the new participating shares, called *titres participatifs*, the company can issue since, in contrast to the investment certificates, holders of this paper have no claim on the assets of the company in the event of liquidation. In addition, the income on these securities can fluctuate in line with the financial strength of the company.

The fixed amount of the payout is set at 7.5 francs. The variable portion will be tied to a formula based on profit and sales of in relation to the payout on the common stock held by the government, whichever is higher. Most likely it will be tied to latter, with 150 percent of the net dividend paid to holders of these certificates.

Using last year's numbers, holders would expect a total annual payment of 30 francs, equal to what investment-certificate holders earn.

AMR Likely to Use Stock-Plan Defense

Airline Chairman Will 'Have Trump For Breakfast,' Says Money Manager

By Keith Bradsher
New York Times Service

NEW YORK — AMR Corp.'s likely response to a \$7.5 billion takeover bid by Donald J. Trump to move about a fifth of its stock into an employee stock-ownership plan, according to investment bankers and lawyers.

Such a move would make it difficult for Mr. Trump or anyone else to complete a hostile takeover, because AMR, the parent of American Airlines, is incorporated in Delaware, where the law makes it difficult to finance an acquisition unless at least 85 percent of the target company's stock is obtained.

Mario Beza of the law firm of Debevoise & Plimpton in New York, an authority on such stock-ownership plans, spent Friday at AMR's headquarters in Fort Worth, Mr. Beza, who did not return telephone calls seeking comment, has been helping AMR prepare its takeover defense for the last few weeks.

Although some speculators were buying AMR stock, some institutions were making defensive purchases, said an arbitrator who asked not to be identified.

"Aggressive money managers can't run the risk of not having this in their portfolios in case it turns out to be good," he said.

Such sentiment is especially strong because many money managers were skeptical about the bid by the Los Angeles-based Mr. Trump, who is also a major shareholder in Marvin Davis, for UAL Corp. in August and were slow to buy shares in the target, he said.

The board of United Airlines' parent company ended up approving a lucrative \$300-a-share bid from the company's management

and employees, a price nearly double the stock's level before the Davis bid. The arbitrator said, however, that he was doubtful Mr. Trump's interest would lead to a similar buyout in the AMR case.

An investment banker with experience in airline deals said that if AMR did not adopt an ESOP, as the stock-ownership plans are known, alternative takeover defenses include selling a stake of 15 percent to 25 percent in the company to a foreign airline, selling or refinancing assets and a subsequent declaration of a special dividend; and issuing special securities that would multiply and be hard to buy in a hostile tender offer.

But others said all of these moves would have drawbacks for Robert L. Crandall, AMR's chairman and chief executive.

Selling a large stake to a foreign airline would create an influence to rival Mr. Crandall's on the board and could be stalled by the Department of Transportation, they said.

Asset sales and payment of a dividend would impair the ability of the fiercely competitive Mr. Crandall to expand his airline at the expense of other carriers.

The issuance of special securities might antagonize money managers whose support Mr. Crandall needs if Mr. Trump seeks his replacement by using the "consent solicitation" clause in AMR's charter.

If AMR put 20 percent of its stock in the presumably friendly hands of its employees, an alternative for Mr. Trump would be to take advantage of the clause that provides for the replacement of management by a majority vote of stockholders.

Tactics Give Indication Bid Is Meant Seriously

By Robert J. Cole
New York Times Service

NEW YORK — Although Donald J. Trump arouses considerable skepticism among Wall Street stock traders, a growing minority is starting to take seriously his offer to buy AMR Corp., the owner of American Airlines, for \$7.5 billion.

"I don't know if he'll get it, but it's a serious effort," a prominent arbitrator said Friday. "He's gone very public with his offer, and Donald doesn't like getting egg on his face."

AMR shares rose \$3.875 Friday, to \$103.75, in heavy trading on the New York Stock Exchange. While arbitrators were big buyers of the stock, it nonetheless closed well below the \$120 offering price.

Another leading Wall Street executive contended that Mr. Trump's offering price indicated that his bid was serious. "If he wanted someone to outbid him, he would have given him a lot more room, as if to say, 'Please come and outbid me,'" the executive said. "But there isn't much room to outbid him, so he goes away now, he looks very foolish."

This executive, who asked not to be identified, said he doubted whether anyone could justify an offer of even \$10 a share more than the current market price.

An arbitrator who is perhaps official of Wall Street's backdoor feeling about Mr. Trump said, "I didn't believe it when I heard it and I don't believe it now."

Mr. Trump arouses strong sentiment because of his reputation for noisily spreading word about his stock purchases and then selling his stake after the price rises or a bidder for the company emerges.

But one Wall Street figure thought the current situation did not fit such a pattern, saying, "This is a case where Trump didn't buy stock and make a lot of noise. He's putting his neck out; he's very serious and intends to win."

Mr. Trump did not take advantage of at least three opportunities to disclose his interest in AMR. As far back as Aug. 20, he is understood to have asked the government to clear him on antitrust grounds to buy more than \$15 million worth of AMR stock.

He could have announced the filing, as has been his practice, but he did not disclose it. AMR also made no public statement, but hired Goldman, Sachs & Co. and Salomon Brothers Inc. to defend it.



Ford Motor Co.'s newly redesigned Lincoln Town Car. Ford used firms in Britain and Japan to help complete the design in 41 months, faster than any other car in the U.S. company's modern history.

A Little Help From Abroad at Ford

Europe and Japan Firms Aid in 'Town Car' Redesign

By James Risen
Los Angeles Times Service

DEARBORN, Michigan — In the fall of 1985, Nick Zenuik, a product planner at Ford Motor Co., climbed behind the wheel of a new 1986 Cadillac DeVille, which Ford had obtained just ahead of the public introduction for inspection by its engineers.

As he drove away from Ford's product development offices here, Mr. Zenuik smiled. The new DeVille, the Lincoln Town Car's most direct competitor, was too small. It seemed terrible, in fact, and Mr. Zenuik was convinced of what that meant for Ford.

It meant that Ford project FN36, the 1990 Town Car, which he had been pushing hard up through the reluctant bureaucracy, was finally going to be approved.

Four years later, Mr. Zenuik and his friend Glen Lyall, co-managers of the 125-member FN36 project team, watched from the end of the assembly line at Ford's sprawling Wixom, Michigan, plant as the first of their newly redesigned 1990 Town Car luxury sedans crept across the factory floor.

With the 1990 Town Car, introduced to the public last Thursday, Mr. Zenuik, Mr. Lyall and their team were attempting to approach the quality levels of the best of West Germany and Japan.

But in order to produce the car on schedule, Ford had to scramble in desperation for help from Europe and Japan to develop this most American of cars in time for this fall's introduction.

It tapped International Automotive Design, a small company based in Brighton, England, to do the engineering work, making the Town Car the company's first domestic car to be engineered overseas and by outsiders.

To improve quality and further "time" basis, allowing Ford to reduce parts inventories at Wixom.

As a result the international co-operation, the Town Car was developed in just 41 months, faster than any other model in the modern history of Ford.

So far, the new Town Car also seems to be a hit in the marketplace. Despite a 3.3 percent price rise over 1989, dealers have already placed 30,000 orders for the 1990 car, and Ford expects to sell 135,000 in the coming year.

Ford engineers believe they will find the Town Car's quality will measure up to levels very near those of Mercedes, considered by Ford's internal studies to be the best in the luxury class. On an index measuring the number of "things gone wrong" per 1,000 cars, the Town Car is expected to come in at 1,400, not far behind the 1,200 average for Mercedes-Benz's 1988 fleet.

Back in 1985 when Mr. Zenuik test-drove that DeVille, he was in charge of strategic planning for Ford's rear-wheel-drive luxury models. But at the time, the future for the division was not bright. Ford was planning to kill those cars, which would have made Mr. Zenuik little more than a caretaker.

There was a substantial number of management people who felt all the large cars should disappear, recalls Lou Ross, until recently executive vice president of Ford's North American automotive operations.

As early as 1980, in fact, Ford's product planning committee had shortened the development schedule. Ford turned to Japan to manufacture the car's outer body.

Unhappy with the quality that it was getting from Budd Co., its traditional Detroit supplier of exterior metal body panels, Ford hired Oghara Iron Works, a Japanese metal stamping firm, to produce all of the car's outer panels. It was the first time that Ford had called on a foreign supplier to produce the entire body for one of its cars.

Oghara had just opened a factory a few miles from the Wixom plant to supply parts for the Lincoln Continental, so the same facility could now supply the Town Car with parts on a quick, "just-in-time" basis.

See FORD, Page 15

Mitsui Ends Iran Project

Firm Said to Pay About \$1 Billion

Agence France-Press

TEHERAN — Mitsui & Co. of Japan and the Iranian Oil Ministry reached an agreement in principle Sunday on the company's withdrawal from the unfinished Bandar Khomeini petrochemical complex in southern Iran.

Announcement of the agreement came in a joint communiqué issued following talks between the Mitsui president, Koichiro Ejiri, and Iran's deputy oil minister, Ahmad Rahgozar.

Although the statement did not disclose the terms of the agreement, sources said Mitsui will pay Iran about \$1 billion in compensation to end its involvement in the project, where work was suspended in 1984 because of the Iran-Iraq war.

Iran had been seeking compensation of \$1.5 billion. Under the tentative agreement, the 10-year-old joint venture between Iran and Mitsui that created Iran Chemical Development Co. will be canceled after remaining legal questions are resolved.

Mr. Ejiri said the parties had set a 90-day deadline to work out roughly a dozen legal points. He said the money would then be paid and the contract canceled.

Since the August 1988 cease-fire in the Iran-Iraq war, Iran has been seeking new partners to complete the complex, located on the northern Gulf, and have contacted firms in West Germany and South Korea, sources said.

Iran contends the project was 85 percent completed at a cost of \$4 billion when it was severely damaged by Iraqi air raids. But Mitsui has termed the plant uneconomical, as another \$3 billion would be needed to finish it.

Non-OPEC oil producing countries believe that world oil production and demand are almost in balance and that there is no need for further cuts in production, Reuters reported from Kuala Lumpur, Malaysia.

"We referred to export cuts only in recognizing that the action taken

See IRAN, Page 15

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Currency Rates

Currency	Oct 6	Oct 7	Oct 8	Oct 9
Australian dollar	1.2325	1.2325	1.2325	1.2325
Belgian franc	36.36	36.36	36.36	36.36
British pound	1.6450	1.6450	1.6450	1.6450
Canadian dollar	0.7125	0.7125	0.7125	0.7125
Deutsche mark	1.3650	1.3650	1.3650	1.3650
French franc	6.55	6.55	6.55	6.55
Italian lira	1,376	1,376	1,376	1,376
Japanese yen	161.00	161.00	161.00	161.00
Netherlands guilder	2.2037	2.2037	2.2037	2.2037
New Zealand dollar	0.4750	0.4750	0.4750	0.4750
Spanish peseta	166.64	166.64	166.64	166.64
Swedish krona	4.66	4.66	4.66	4.66
Swiss franc	1.4850	1.4850	1.4850	1.4850
West German mark	1.3650	1.3650	1.3650	1.3650

Source: Reuters. Rates in London and Zurich. Rates in other cities. New York closing rates. Oct. 6-9. All rates are for 100 units of foreign currency against 1 U.S. dollar. All rates are for 100 units of foreign currency against 1 U.S. dollar.

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New York rates unless noted. (Local rates)

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Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes	Oct 6	Oct 7	Oct 8	Oct 9
DJ Industrial	2,785.59	2,785.59	2,785.59	2,785.59
DJ Utility	218.69	218.69	218.69	218.69
DJ Transportation	1,204.42	1,204.42	1,204.42	1,204.42
S & P 500	323.55	323.55	323.55	323.55
S & P 400	323.78	323.78	323.78	323.78
S & P 100	409.42	409.42	409.42	409.42
NASDAQ	198.54	198.54	198.54	198.54

Money Rates	Oct 6	Oct 7	Oct 8	Oct 9
Discount rate	7.00	7.00	7.00	7.00
Federal funds rate	8 1/2	8 1/2	8 1/2	8 1/2
Prime rate	10 1/2	10 1/2	10 1/2	10 1/2
3-month Treasury bill	7.00	7.00	7.00	7.00
6-month Treasury bill	7.00	7.00	7.00	7.00
1-year Treasury bill	7.00	7.00	7.00	7.00
3-month commercial paper	7.00	7.00	7.00	7.00
6-month commercial paper	7.00	7.00	7.00	7.00
1-year commercial paper	7.00	7.00	7.00	7.00
3-month bank deposit	7.00	7.00	7.00	7.00
6-month bank deposit	7.00	7.00	7.00	7.00
1-year bank deposit	7.00	7.00	7.00	7.00

Spain				3-month Interbank	8.00	7.25	
Nikkei 225	35,209.80	25,636.00	- 1.20 %	Britain			
West Germany				Bank base rate	15.00	14.00	
Commerzbank	2,044.40	1,978.50	+ 3.44 %	Call money	14 1/16	13 7/8	
New Kase				3-month Interbank	14 13/16	14 1/4	
Hong Kong	2,826.21	2,758.25	+ 2.46 %	Gold	Oct. 6	Sept. 26	Price
World					344.60	344.60	- 0.96 %

New International Bond Issues

Compiled by Bassam Aoun

Issuer	Amount (millions)	Mat.	Coup. %	Price	Yield	Terms
FLOATING RATE NOTE						
Cheltenham & Gloucester Building Society	£25	2004	0.40	100	—	Over 6-month Libor. Noncallable. Fees not disclosed.
Credit Lyonnais (France)	¥10,000	2004	7	102%	—	Until 1999, then coupon will be set at a rate one percentage point over the Japanese long-term prime rate with payments to be denominated in yen. Callable in 1999. Fees 20% (Credit Lyonnais).
FIXED-COUPON						
Japan Highway Public	¥180	1996	8%	101%	100.25	Noncallable. Fees 16% (JTB Int'l).
RCB Finance	¥150	1999	9%	101%	—	Callable at par only on Nov. 1st, 1991. Fees 2% (Denominations \$100,000, €100 Int'l).
Toyota Motor Finance (Netherlands)	¥200	1992	9%	101%	100.50	Noncallable. Fees 16% (Dow Jones Europe).
Essele	SK 250	1991	11%	101%	99.75	Noncallable. Fees 16% (Essele Int'l).
Schleswig Holstein Finance	SK 300	1994	11%	101%	99.425	Noncallable. Fees 16% (Copenhagen Handelsbank).
Deutsche Bank Finance (Caracas)	m. 200,000	1994	12%	101%	99.85	Noncallable. Fees 16%. Denominations 2 million Lira, (Banco Di Roma).
World Bank	ecu 100	1994	9	101%	100.45	Noncallable. Fees 16% (Paribas Capital Markets).
EQUITY-LINKED						
Hiroshi Mizell	¥60	1993	4	100	—	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at \$1.00 per share and at \$1.15 per share. Fees 26% (Hiroshi Securities Europe).
Kao Fire & Marine Insurance Co.	¥250	1993	3%	100	109.25	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at \$1.45 per share and at \$1.15 per share. Fees 26% (Kao Int'l).
Kokusai Securities Co.	¥150	1993	3%	100	101.25	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at \$1.45 per share and at \$1.15 per share. Fees 26% (Kokusai Int'l).
Nichia	¥100	1993	open	—	—	Coupon indicated at 4%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 26%. Terms to be set Oct. 11, (Nichia Int'l Europe).
Nissan Motor Co.	¥1,500	1993	3%	100	102.75	Noncallable. Each \$5,000 note with five warrants exercisable into company's shares at \$1.00 per share and at \$1.15 per share. Fees 26% (Nissan Int'l).
Shinagawa Fuel Co.	¥100	1993	3%	100	106.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at \$1.45 per share and at \$1.15 per share. Fees 26% (Shinagawa Int'l).
Kuratsuki Refractories Co.	DM 100	1994	1%	100	104.00	Noncallable. Each \$5,000-note with five warrants exercisable into company's shares at \$1.50 per share. Fees 26% (Kuratsuki AG).
Mori Industries	DM 100	1993	1%	100	108.75	Noncallable. Each \$5,000-note with one warrant exercisable into company's shares at \$1.45 per share and at \$1.15 per share. Fees 26% (Mori Europe).

China Reveals Debt to Allay Fears

Reuters

BEIJING — Chinese newspapers have published figures showing that the country's foreign debt totaled \$40 billion at the end of 1988, up from \$15.8 billion at the end of 1985 when such figures were first published.

The new figures, published Saturday, were provided in an effort by Beijing to allay fears of a crisis following a cut-off in Western loans and a worsening trade deficit, bankers and diplomats said.

Long- and medium-term loans accounted for \$32.7 billion of the debt, while short-term loans totaled \$7.3 billion.

The data were accompanied by editorials saying that China would not face a debt crisis like other developing countries because foreign-exchange earnings were rising, only 18 percent of the debt was short-term and the current risk was widely spread.

China has no difficulties in repayment, said the Economic Daily newspaper. "But we must seriously learn the lesson of certain developing countries that disregarded their own conditions, borrowed blindly and ended up with a debt crisis."

Since June 4, China has not obtained loans from the World Bank, Japan and West European governments which were to have carried low interest rates and long repayment terms. The loans would have been used to fund projects such as railways, harbors and power stations that do not produce profits and thus are not attractive to commercial banks.

Commercial lending, which has higher interest rates, has also slowed dramatically.

"Since June 4, most commercial banks have not made major loans, though a few European banks have recently made offers, at rates higher than before June," a Japanese banker said.

Another cause for anxiety is China's worsening trade deficit. Exports are its main source of foreign exchange.

Latest official figures show the deficit in the first eight months of 1989 was \$6.85 billion, more than double the \$2.5 billion in the same period last year.

Chinese officials have said that revenue from tourism this year will fall 50 percent to \$1.3 billion.

Venezuela Pays Arrears

Venezuela paid \$900 million in overdue interest to foreign banks on Friday, paving the way for talks to begin on a refinancing plan, Reuters reported from New York.

The payment brought the country up to date in its payment schedule, on which it had fallen four months behind. Catching up arrears was a condition set by the banks to open debt-reduction negotiations.

Venezuela has \$33 billion of foreign debt, of which \$21 billion is owed to foreign commercial banks.

Lord Einstein Sets \$7 Million Pact To End WPP Suit

New York Times Service

NEW YORK — Lord Einstein O'Neill & Partners, an advertising agency founded by Americans rebelling against their British parent company, WPP Group PLC, have agreed to pay \$7 million to WPP.

The payment will settle a suit filed in March 1988 by WPP after six top executives left Lord, Einstein, Federer, WPP had gained control of Lord, Einstein & Partners in 1987.

In its suit, WPP asserted several of the executives, notably Richard J. Lord and Arthur W. Einstein, had conspired to take accounts from Lord, Einstein & Partners.

Delayed Payment by Qintex Seen Jeopardizing MGM Bid

Compiled by Our Staff From Dispatches

LOS ANGELES — MGM/UA Communications Co. says that the Qintex Group of Australia, which has agreed to acquire the U.S. entertainment concern for \$1.45 billion, was late delivering a \$50 million deposit, a charge that analysts say may jeopardize the takeover.

MGM/UA said in a statement Friday that Qintex did not deliver, as scheduled on Sept. 22, the letter of credit as a downpayment on its agreement to buy MGM/UA for \$1.45 billion plus the assumption of \$400 million in junk-bond debt.

"The missed deadline is clearly not a good sign," said Alex Ben Block, editor of the trade newsletter Show Biz News. "There are a lot of rumors that the deal is coming apart."

The MGM statement said the two companies had been in discussions about "possible modifications" of the deal, which was sweetened three weeks ago to top an 11th-hour bid by the publisher Rupert Murdoch. Mr. Murdoch already controls one U.S. movie studio, 20th Century Fox.

The announcement could mean that Mr. Murdoch's bid would be revived, Mr. Block said.

However, the announcement said that a change in the sale price is not under discussion. A Qintex spokesman, Daniel Saks, said Friday that the negotiations between the companies were continuing.

Even before Qintex increased its bid, there were reports it was having problems getting backing for the deal. Qintex has said it has 10 unidentified major investors lined up for \$500 million, along with \$400 million in bank financing. (UPI, NYT)

U.S. Jobless Data Spark Bond Rally

United Press International

NEW YORK — The U.S. bond market rallied last week, closing higher on Friday after weaker-than-expected September employment data.

Further clues to the U.S. economic outlook will come on Friday when the government releases data on retail sales for September.

Analysts at Smith Barney Harris Upham & Co. were somewhat more skeptical, however, over the possibility of Fed easing.

Ten-year Treasury notes closed Friday at 99 25/32 in yield 8.04 percent, down from 8.30 percent the week before.

The U.S. Labor Department reported that the unemployment rate rose 0.1 percentage point to 5.3 percent in September, with the manufacturing sector experiencing sharp job losses and the overall number of new jobs created in the economy rising only modestly.

Analysts said that report would put more pressure on Fed to ease interest rates to spur economic growth.

"Today's weak employment report has revived expectations of easier U.S. monetary policy," said analysts at Salomon Brothers Inc. on Friday in their weekly market report.

"A sharp retreat in factory payrolls has provided ammunition for policy doves who are anxious to undercut a resilient U.S. dollar, especially after European rate hikes this week failed to dislodge the currency," Salomon said. "In our view, such hopes of Federal Reserve easing ultimately will be borne out."

Treasury Bonds

Maturity	Close	Oct. 6	Yield	Oct. 6
30-year	100 1/2	100 1/2	8.29	8.46
20-year	99 1/2	99 1/2	8.39	8.44
10-year	100 1/2	100 1/2	8.28	8.42
5-year	100 1/2	100 1/2	8.12	8.35
1-year	99 1/2	99 1/2	8.07	8.39
3-month	99 1/2	99 1/2	8.04	8.30
1-month	101 1/2	101 1/2	8.12	8.37
Source: Salomon Inc.				

U.S. Consumer Rates

Year	Rate	Oct. 6
1-year	7.25%	
3-month	8.62%	
6-month	8.62%	
12-month	10.10%	
Source: New York Times		

FORD: Europe and Japan Firms Help in Automaker's Redesign Project

(Continued from first finance page)

dropped the Town Car from Ford's "cycle plan," the company's confidential master schedule for product development for the coming decade.

Even though it was one of Ford's more profitable models, Ford was willing to let the car die a slow death.

In 1980 — just one year after the Town Car had been redesigned — the cycle planners were already figuring that the car would be finished within two or three years, a victim of rising gas prices and America's push for smaller, simpler models.

At the time, Ford was also a much different company than it is today. Grippled by a horrendous sales slump brought on by soaring interest rates, tough Japanese competition and skyrocketing gasoline prices, Ford in 1980 was in the midst of the most serious crisis in its postwar history.

To survive, Ford's leaders were slashing their way through the company, eliminating jobs and cutting costs.

In place of the Town Car and other traditional rear-wheel-drive luxury cars, Ford in 1980 planned to convert to sleeker front-wheel-drive luxury models by 1986 — much like the strategy that later got General Motors Corp. into trouble.

For a time, Ford executives thought of simply slapping the Town Car nameplate onto a proposed front-wheel-drive car that eventually became the 1989 Lincoln Continental, killing the Town Car's identity and pulling the company out of the rear-drive luxury market.

What's more, a change of leadership at Ford in 1985 seemed to further reduce the Town Car's

chances for survival. Donald Petersen, an auto racing buff with a strong engineering background, replaced Philip Caldwell, a financial man with little operating experience, as chairman.

The new chairman had been the catalyst behind Ford's unique aerodynamic push when he was Ford's president. Mr. Petersen had given

"The major driving force was that the car refused to die."

John Jay, Ford executive.

Ford's chief designer, Jack Teague, marching orders to "design a car that you would be proud to have in your driveway."

Mr. Petersen made no secret of his dislike for the stodgy Town Car. He hated its squared-off looks and its "boulevard ride."

But the market eventually wore down top management's resistance.

As gas prices fell and the economy began to recover, sales of luxury cars started to take off once more. In 1983, Ford brought back the second shift — and eventually overtime — to its Wilton luxury car plant to keep up with surging customer demand.

By 1984, with the economy in full boom, Ford executives could hardly believe what was happening to Town Car sales. They reached 90,000, up 50 percent from 1983 and 300 percent over 1980.

By 1985, when sales rose an additional 30 percent over 1984, it was becoming clear that the Town Car was not going to disappear of its own accord.

"The major driving force was that the car refused to die," said John Jay, head of product development for Ford of Australia. "Clearly, there was a class of customer drawn to its styling and traditional handling."

Meanwhile, General Motors, locked into a massive downsizing program that included Cadillac,

taken, when a team at Ford's design center was ordered to come up with sketches and clay models of possible Town Car replacements.

By May 1986, the team had four exterior renderings — one on each side of two full-scale clay models — ready for inspection by Ford's four-member design committee.

Eventually, the committee agreed with the designers' recommendation — a compromise that included touches of both the old Town Car and Ford's new aerodynamic look. It would be rounder, but conservative touches, like rear opera windows, would have to stay.

From some angles, it would look like the traditional Lincoln look. It was just what Ford's market research had suggested the Town Car customer wanted.

By March 1986, Ford management was ready to give the initial go-ahead for the car, with final approval set for the following year. But by waiting so long, management had put its product development group more than a year behind schedule for a 1990 model year launch.

Ford introduced a policy that was revolutionary for the auto industry: it required engineering changes had to be made on early prototypes, not models built close to the start of commercial production. This allowed engineers to take care of minor glitches early on, and it made it easier for the company to work out quality problems.

Meeting the deadline also was made easier by the fact that most of the major mechanical components of the Town Car would remain unchanged for 1990.

found the market shifting against it. Luxury car buyers were rejecting GM's small, nondescript offerings, like the DeVille that Mr. Zentgraf tried that fall day.

So, it was clear to everyone at Ford that Cadillac had handed Lincoln an opportunity that was too good to pass up.

Surprisingly, it was the federal government, Detroit's longtime benefactor, that provided the final push that persuaded Ford to redesign the Town Car. New auto safety laws required that all cars built after Sept. 1, 1989, come equipped with either air bags or motorized, automatic seat belts.

That meant that if Ford wanted to continue selling Town Cars, it would have to redesign the car to accommodate air bags. Faced with making that investment for the 1990 model year, Ford figured it might as well spend more and redesign the rest of the car at the same time.

So in August 1986 — long before final approval had been given for the first steps on the program were

DOLLAR: Central Banks, Lacking Follow-Through, Disunited Victors

(Continued from first finance page)

within the European Monetary System, was politically impossible.

The dilemma for the Fed, experts agree, is the sustained pace of U.S. economic growth coupled with the inability of Congress and the government to reach a compromise on substantially reducing the budget deficit. In such conditions, a reduction in interest rates risks fueling inflation.

Friday's news that the U.S. unemployment rate rose last month was taken by many currency traders as a signal that the Fed would now have the leeway to ease its monetary policy without fear of igniting inflation.

Further support for this view was found in the release late Friday of the minutes of the Aug. 22 meeting of the Fed's policy-making Open Market Committee. Reuters reported that the minutes showed governors voted to leave credit policy unchanged, while leaning toward ease.

"The report, said Steven Blitz, a portfolio analyst at Offit Associates, 'shows the bias of the Fed towards ease. It doesn't say they are going to ease, but it says something about the psychology at the Fed.'"

The news fueled a rally in U.S. stock and bond prices, and, ironically, contributed to the firm tone of the dollar in the foreign-exchange market.

In theory, the prospect of lower U.S. interest rates is supposed to encourage foreigners from wanting to buy dollars. But in fact, foreign investors appear to be attracted by the potential capital gains — on bonds as interest rates ease — and bond prices rise, and on equity investments as monetary policy eases and share prices rise.

In addition, the dollar's decline over the past fortnight appears to be enhancing the attraction of U.S. assets as the cost to buy them has declined in foreign-currency terms.

"The dollar has been strong during recent months partly because foreign investors perceive U.S. assets to be cheap," said David Hale, a Chicago-based economist with Kemper Financial Services. "If the Fed now stops the dollar from appreciating," he warned, "the price of domestic assets could climb by more than if the dollar also rose."

"As with Britain during 1987-88," he continued, "such an asset boom could then depress the household savings rate, boost consumption and set the stage for robust economic growth again."

Mr. Hale said "the problem facing G-7 policy-makers is that they are trying to manage exchange rates in order to encourage trade adjustments within an increasingly integrated global financial marketplace where the major players are more concerned about relative asset values than trade performance."

He concluded that U.S. asset prices "are still too low relative to asset prices in Japan," the world's largest capital exporter.

But analysts agree the Japanese Finance Ministry does not want an increase in interest rates, exactly because it would cause stock prices to skid — creating further embarrassment to the embattled Liberal Democratic Party which soon will be waging an important election for control of the lower house of the Diet.

In fact, some analysts see this as the explanation for why intense central-bank intervention began in mid-September. In this theory, the Treasury and the Finance Ministry

were agreed on the need to get the dollar down — to restrain protectionist pressures in Congress against the continuing flood of Japanese imports — without requiring a policy change in Japan that would worsen the ruling party's prospects for re-election.

Thus, the Treasury was simply returning the favor of the Japanese who were thought to have stabilized the dollar during last summer's election campaign of George Bush.

Meanwhile, the West Germans are attending to their own business of trying to achieve the benefits of a currency revaluation without actually doing it.

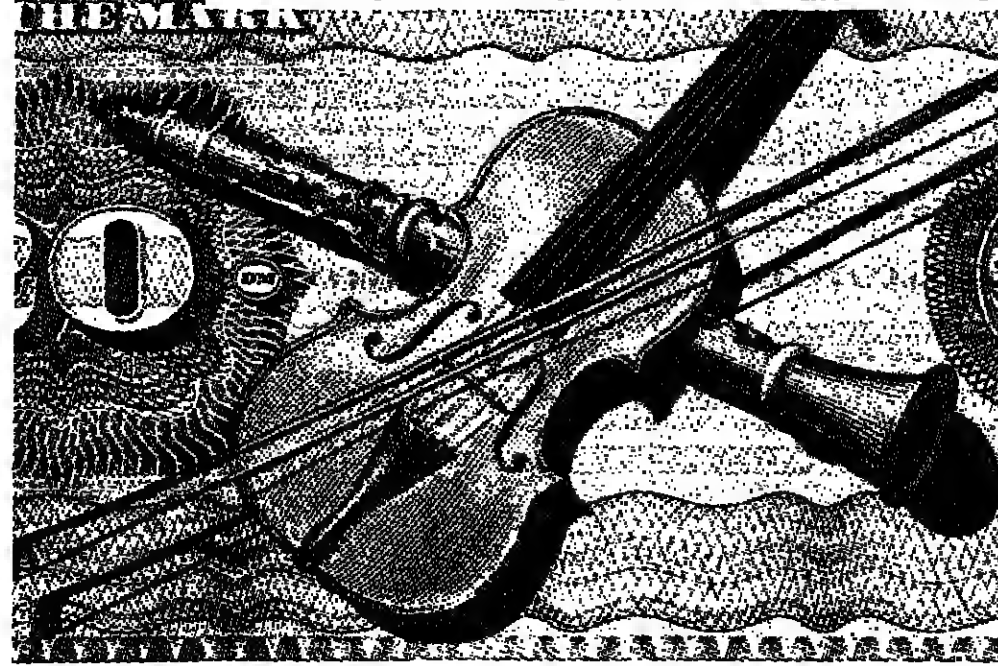
The one-point rise in the discount and Lombard rates, by forcing substantial increases in seven other countries, will help dampen demand in EC countries for West German exports and relieve inflationary capacity strains on West German industry.

The move should also help lower West German import prices, further easing inflationary pressures, by contributing to a firmer value of the mark within the European Monetary System.

That is because two major trading partners, Spain and Italy, did not increase their interest rates. Failure to do so immediately casts doubt on their commitment to maintain the existing exchange rate against the mark. This doubt, plus the real change in monetary conditions, should inhibit the enormous capital outflows from West Germany that are weakening the mark.

Up to now, a Spanish needing money could borrow in marks at a saving of about 4 percentage points over what it would have cost to borrow pesetas. The saving for Italians was 4.75 percentage points.

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VOLVIC

NASDAQ National Market

OTC Consolidated trading for week ended Friday. Oct. 6

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(Continued on next page)

WORLD STOCKS IN REVIEW / Via Agence France-Presse

Amsterdam

Prices surged Friday after lackluster trading at the beginning of the week in anticipation of a rise in European interest rates.

The CBS general index closed at 2,077.7, up from 2,033.9 the previous Friday. The CBS local time index finished at 197.9, after 195.2 a week earlier. Volume fell to 7.02 billion guilders from 7.33 billion.

A one percentage point increase in the Dutch discount rate on Thursday, following the similar Bundesbank move, was taken calmly after a short initial nervous reaction.

Interest focused mainly on international stocks throughout the week, while the index for local companies remained practically unchanged. The Kempen & Co. brokerage predicted that since the interest rate rise had not sent shock waves through the market, stocks would hold steady in the short term.

Frankfurt

The exchange ended the week in an upbeat mood, even though the Bundesbank raised interest rates Thursday. The one percentage point increase in rates was at the high end of expectations, but it did not upset the market.

The DAX index closed Friday at 1,624.86, up 50.49 over the previous week. The Commerzbank index rose 67.9 points on the week, to 2,044.4. Volume on West Germany's eight stock exchanges hit 27.13 billion Deutsche marks, up from 26.8 billion the previous week.

As foreign investors returned, Schering gained 26 Deutsche marks to 816, Siemens was up 11 DM to 607, and Linde 17 to 831. Deutsche Bank gained 29 to 701. Other banks also posted gains.

Volkswagen finished 16.30 higher at 464 Deutsche marks, while BMW dipped to 611, down 1.50.

Daimler-Benz jumped to 787 Deutsche marks from 747.50.

Hong Kong

A buying mood gripped the market, sending the Hang Seng index up 67.96 points, to 2,826.21, after a surge of 51.89 points the previous week. The broader-based Hong Kong Index advanced 43.94 points, to 1,862.47, following a 34.88-point gain the week before.

Average daily turnover slipped to 1.12 billion Hong Kong dollars from 1.14 billion dollars.

Dealers said Hong Kong stocks were undervalued, but they warned of a correction when trading resumed Tuesday following a closure for a public holiday on Monday.

London

The market was shaken by Thursday's rise in interest rates, part of the European move spurred by the West German Bundesbank. Fears that the economy could go into recession pushed the Financial Times 100 stock index down 21.9 points, to 2,277.5.

Retailing, food and real estate-related issues showed the sharpest declines, reflecting fears of reduced consumer spending.

Jaguar rose, however, stimulated by speculation of a bidding battle for it between Ford Motor Co. and General Motors Corp.

Ferranti, the defense-electronics concern, returned to the market after a three-week suspension due to unexplained trading losses. It moved ahead but failed to reach pre-suspension levels. There was talk that British Aerospace had acquired an interest in the company.

The Pearl Insurance concern peaked up on Monday after announcement of a £1 billion hostile bid by Australia Mutual Provident.

Paris

Bourse stocks were down slightly on the week, but operators were encouraged by good resistance to European interest rate increases. The SBF index finished the week at 555.1, down from 557.3.

Analysts commented that while such strong rate rises would normally be expected to hurt stock prices, there are a number of good reasons this does not apply currently to Paris, including the fact that French businesses have low debt loads and earnings have been strong.

But some market participants said they were worried about the relatively high level of short-term interest rates and the continuing strength of the dollar.

Singapore

The Straits Times Industrial Index gained 45.30 points, to 1,420.55, after losing 17.55 points the previous week. The SES all-share index rose 6.65 points to 371.09, after falling 3.55.

Volume rose to 422.81 million units worth 883.44 million Singapore dollars from the prior week's 323.6 million shares worth 731.2 million Singapore dollars.

DBS Bank was the most active issue.

Tokyo

Prices fell after three consecutive weekly rises, dragged down in part by European interest rate increases.

The Nikkei Stock Average, which hit a record 35,689.98 yen on Sept. 28, fell 427.41, to 35,262.57 yen, after gaining 864.97 yen the week before.

The broader Tokyo Price Index hit a record 2,703.58 points Monday but ended the week 42.84 points lower, at 2,660.74, after advancing 72.82 points previously.

Average volume fell from 918.57 million shares a day to 820.6 million, while the value of stocks traded dropped from a daily average of 1.67 trillion yen to 1.39 trillion yen.

Trading was mixed for most of the week, but the Nikkei fell 313.64 yen Friday following the Bundesbank's move to lift leading rates.

The one percentage point rise was unexpected, "one broker said, adding that the market had anticipated an increase of only half a percentage point. Investors subsequently sold stocks of companies with large market capitalization and selectively bought a small number of high-priced shares.

Steel issues were hit hard. Nippon Steel fell from 760 yen a week earlier to 717 yen Friday and Kawasaki Steel from 811 yen to 760. Nippon Telegraph & Telephone fell to 1.41 million yen from 1.50 million yen.

High-priced electricals did well. Pioneer rose from 5,330 yen to 6,160, while Sony, which began formal takeover proceedings for Columbia Pictures, climbed from 8,500 yen to 8,610.

Zurich

The market moved higher despite the wave of European interest-rate rises. The Credit Suisse index finished at 656.2, against 643.4 a week earlier, and the Swiss Bank Corp. indicator at 696.1, against 685.5.

Volume was moderate, and foreign investors were still timid, compared with their strong presence in 1986 and 1987. Analysts said the Zurich market could rise 5 percent in the coming two to three weeks.

Reassurance gained 250 francs on the week to 13,600, and UBS 130 to 3,940. Nestlé beaver stock closed at 8,870, up 270, while Jacobs-Sachard topped on 145 to 7,025. Chemicals were also higher, Ciba-Geigy beaver rising by 140 to 4,300 and Sandoz beaver by 275 to 13,175.

Foreign issues were generally higher. In gold mines, AngloGold 2 francs to 126, and Anglo American was up by 0.5 francs to 41.

American Exchange Options

Figures as of close of trading Friday, Oct. 6

Option & price	Call	Puts	Option & price	Call	Puts	Option & price	Call	Puts
A Oct 10	100	100	100	100	100	100	100	100
A Oct 15	100	100	100	100	100	100	100	100
A Oct 20	100	100	100	100	100	100	100	100
A Oct 25	100	100	100	100	100	100	100	100
A Oct 30	100	100	100	100	100	100	100	100
A Oct 35	100	100	100	100	100	100	100	100
A Oct 40	100	100	100	100	100	100	100	100
A Oct 45	100	100	100	100	100	100	100	100
A Oct 50	100	100	100	100	100	100	100	100
A Oct 55	100	100	100	100	100	100	100	100
A Oct 60	100	100	100	100	100	100	100	100
A Oct 65	100	100	100	100	100	100	100	100
A Oct 70	100	100	100	100	100	100	100	100
A Oct 75	100	100	100	100	100	100	100	100
A Oct 80	100	100	100	100	100	100	100	100
A Oct 85	100	100	100	100	100	100	100	100
A Oct 90	100	100	100	100	100	100	100	100
A Oct 95	100	100	100	100	100	100	100	100
A Oct 100	100	100	100	100	100	100	100	100
A Oct 105	100	100	100	100	100	100	100	100
A Oct 110	100	100	100	100	100	100	100	100
A Oct 115	100	100	100	100	100	100	100	100
A Oct 120	100	100	100	100	100	100	100	100
A Oct 125	100	100	100	100	100	100	100	100
A Oct 130	100	100	100	100	100	100	100	100
A Oct 135	100	100	100	100	100	100	100	100
A Oct 140	100	100	100	100	100	100	100	100
A Oct 145	100	100	100	100	100	100	100	100
A Oct 150	100	100	100	100	100	100	100	100
A Oct 155	100	100	100	100	100	100	100	100
A Oct 160	100	100	100	100	100	100	100	100
A Oct 165	100	100	100	100	100	100	100	100
A Oct 170	100	100	100	100	100	100	100	100
A Oct 175	100	100	100	100	100	100	100	100
A Oct 180	100	100	100	100	100	100	100	100
A Oct 185	100	100	100	100	100	100	100	100
A Oct 190	100	100	100	100	100	100	100	100
A Oct 195	100	100	100	100	100	100	100	100
A Oct 200	100	100	100	100	100	100	100	100
A Oct 205	100	100	100	100	100	100	100	100
A Oct 210	100	100	100	100	100	100	100	100
A Oct 215	100	100	100	100	100	100	100	100
A Oct 220	100	100	100	100	100	100	100	100
A Oct 225	100	100	100	100	100	100	100	100
A Oct 230	100	100	100	100	100	100	100	100
A Oct 235	100	100	100	100	100	100	100	100
A Oct 240	100	100	100	100	100	100	100	100
A Oct 245	100	100	100	100	100	100	100	100
A Oct 250	100	100	100	100	100	100	100	100
A Oct 255	100	100	100	100	100	100	100	100
A Oct 260	100	100	100	100	100	100	100	100
A Oct 265	100	100	100	100	100	100	100	100
A Oct 270	100	100	100	100	100	100	100	100
A Oct 275	100	100	100	100	100	100	100	100
A Oct 280	100	100	100	100	100	100	100	100
A Oct 285	100	100	100	100	100	100	100	100
A Oct 290	100	100	100	100	100	100	100	100
A Oct 295	100	100	100	100	100	100	100	100
A Oct 300	100	100	100	100	100	100	100	100
A Oct 305	100	100	100	100	100	100	100	100
A Oct 310	100	100	100	100	100	100	100	100
A Oct 315	100	100	100	100	100	100	100	100
A Oct 320	100	100	100	100	100	100	100	100
A Oct 325	100	100	100	100	100	100	100	100
A Oct 330	100	100	100	100	100	100	100	100
A Oct 335	100	100	100	100	100	100	100	100
A Oct 340	100	100	100	100	100	100	100	100
A Oct 345	100	100	100	100	100	100	100	100
A Oct 350	100	100	100	100	100	100	100	100
A Oct 355	100	100	100	100	100	100	100	100
A Oct 360	100	100	100	100	100	100	100	100
A Oct 365	100	100	100	100	100	100	100	100
A Oct 370	100	100	100	100	100	100	100	100
A Oct 375	100	100	100	100	100	100	100	100
A Oct 380	100	100	100	100	100	100	100	100
A Oct 385	100	100	100	100	100	100	100	100
A Oct 390	100	100	100	100	100	100	100	100
A Oct 395	100	100	100	100	100	100	100	100
A Oct 400	100	100	100	100	100	100	100	100
A Oct 405	100	100	100	100	100	100	100	100
A Oct 410	100	100	100	100	100	100	100	100
A Oct 415	100	100	100	100	100	100	100	100
A Oct 420	100	100	100	100	100	100	100	100
A Oct 425	100	100	100	100	100	100	100	100
A Oct 430	100	100	100	100	100	100	100	100
A Oct 435	100	100	100	100	100	100	100	100
A Oct 440	100	100	100	100	100	100	100	100
A Oct 445	100	100	100	100	100	100	100	100
A Oct 450	100	100	100	100	100	100	100	100
A Oct 455	100	100	100	100	100	100	100	100
A Oct 460	100	100	100	100	100	100	100	100
A Oct 465	100	100	100	100	100	100	100	100
A Oct 470	100	100	100	100	100	100	100	100
A Oct 475	100	100	100	100	100	100	100	100
A Oct 480	100	100	100	100	100	100	100	100
A Oct 485	100	100	100	100	100	100	100	100
A Oct 490	100	100	100	100	100	100	100	100
A Oct 495	100	100	100	100	100	100	100	100
A Oct 500	100	100	100	100	100	100	100	100
A Oct 505	100	100	100	100	100	100	100	100
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A Oct 605	100	100	100	100	100	100	100	100
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A Oct 640	100	100	100	100	100	100	100	100
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A Oct 665	100	100	100	100	100	100	100	100
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A Oct 770	100	100	100	100	100	100	100	100
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A Oct 780	100	100	100	100	100	100	100	100
A Oct 785	100	100	100	100	100	100	100	100
A Oct 790	100	100	100	100	100	100	100	100
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MONDAY SPORTS

Giants Defeat Cubs, 5-4, For a 2-1 Edge in Games

By Richard Justice
Washington Post Service

SAN FRANCISCO — The San Francisco Giants and Chicago Cubs pushed and countered, punched and swapped rallies and relievers, big hits and little mistakes. A championship series ought to have at least a couple of championship-caliber games and the Giants won one Saturday night, rallying one last time in the seventh inning.

NL PLAYOFFS

for a 5-4 victory in front of 62,065 people, a Candlestick Park record for baseball. With the victory, the Giants took a 2-1 lead in the best-of-seven National League Championship Series.

Robby Thompson won it with a two-run home run off reliever Les Lancaster, putting the final punctuation mark on a night in which the Giants rallied from deficits of 2-0 and 4-3. Moments before Thompson's home run, the Cubs had broken a 3-3 tie on Ryne Sandberg's sacrifice fly in the top of the inning.

But the Cubs' starter, Rick Sutcliffe, who was terrific for six innings, pulled a thigh muscle during the rally. He had started it with a double, and when he left, Manager Don Zimmer was forced into a bullpen that failed him.

Paul Assenmacher faced two hitters, and one scored the tying run on Thompson's home run. Lancaster took the loss.

Manager Roger Craig also was forced to use his bullpen after the Giants' starter, Mike LaCoss, sprained his left knee. But his relievers responded: Jeff Brantley, Don Robinson, Craig Lefferts and Steve Bedrosian combined to allow one run in six innings.

Robinson got the victory — with a big assist from Lefferts, who entered with two runners on base and two out in the eighth and got Lloyd McClendon on a fly to left. Bedrosian pitched the ninth for the save.

The series continued Sunday in San Francisco.

The first has been the best inning in the National League playoffs — accounting for 16 of the first 33 runs — and it was again Saturday as the Cubs scored twice and the Giants came back with three.

With one out in the top of the first, Sandberg beat out an infield

single, and Dwight Smith followed by slicing a single to left. Mark Grace flied to left, but with Andre Dawson at bat, LaCoss wild-pitched the runners to second and third.

Dawson got them both home by going the opposite way with a single into the gap in right-center for a 2-0 lead.

The Cubs handed that lead to Sutcliffe, and he handed it right back when the Giants sent up nine men in the first.

The Giants took the lead when Jose Uribe beat out a chopper to third for an RBI single. Sutcliffe got LaCoss on a fly to center to end the inning.

LaCoss lasted only two more innings and allowed base runners in both.

Going into the fourth tied at 3-3, the Giants missed a big chance to get the lead back when Brantley drew a one-out walk, and Brett Butler hit a slow roller to first baseman Grace, who threw to shortstop Dunston to force Brantley.

Charlie Williams, the second base umpire, gave Dunston the out, but television replays showed that Dunston clearly had left the bag before catching the ball.

That turned into an important no-call because Sutcliffe balked

Butler to second base. He got Thompson on a foul pop to end the inning with the game still tied, 3-3.

The deadlock held until the seventh when the Cubs took advantage of shortstop Uribe's error to gain a 4-3 lead.

Sutcliffe led off with a double to center, and when Walton attempted to bunt him over, the Giants made the defensive play — and mistake — of the game. Will Clark at first base made a terrific stab at Walton's line-drive bunt, and from his knee, fired toward second to try to double up Sutcliffe.

Uribe took a swipe at the ball, which glanced off his glove and into center field. Sutcliffe went back to second, then to third. As he tried to get back to second, he pulled his right thigh muscle and was forced to leave.

Game 1 starter Greg Maddux ran for him and scored on Sandberg's fly to center to make it 4-3.

That lead lasted about eight minutes. With one out in the seventh, Butler singled off Assenmacher. Zimmer brought in Lancaster, who grooved a 2-0 pitch to Thompson.

He blasted it over the left-field fence for a 5-4 lead.



The Giants congratulate Robby Thompson on his two-run homer.



Rickey Henderson, who eventually got his seventh stolen base of the series, grimaces as he catches his foot while sliding in Game 3.

VANTAGE POINT/Thomas Boswell

Long, Long Homer — Straight Up

Washington Post Service

TORONTO — From Section 540, Row 5, Seat 4 in the fifth and topmost deck of the gargantuan SkyDome, home plate looks to be at least a long-distance phone call away. From Jake Neely's seat, you cannot even see any of Jose Canseco's facial features. If your vision is 20-20, you can barely see that the number on his back is 33.

Yes, Jose can hit a ball farther than you can see. He can certainly hit it a lot farther than a paltry 480 feet (146 meters), which is what the SkyDome's computer estimated Saturday after his home run landed in Neely's lap. (Memo to IBM rep in Ontario: check computer at SkyDome for serious glitch.) A better guess — certainly just as good a guess — is that the home run into Section 540 went about 540 feet.

Who cares how far it went? Because mankind has this innate curiosity about human limits. A 480-foot homer is garden variety. It happens every season. In fact, in this game, one of Rickey Henderson's two home runs went 450 feet.

On the other hand, anything close to 550 feet is in the Longest Home Run Ever Hit category. Mickey Mantle once struck a 565-foot blow off Chuck Stobbs at Griffith Stadium in 1956. Mantle also hit the very top of the third-deck facade in Yankee Stadium, a blow, like Canseco's, that leaves the imagination both frustrated and exhilarated. You want to know where it would have landed, but you also get to claim it over would have come down.

The home run often cited as the most unbelievable ever was Babe Ruth's shot out of Tiger Stadium in deepest right-center field, a spot so remote that modern players often refuse to believe the accuracy of the old reports. Ruth's ball struck a

building 620 feet away. But does that include solo roll? If Canseco's third-inning solo homer off Mike Flanagan's 0-1 pitch had been given its rightful freedom to express itself, it might be trickling into Olympic Stadium in Montreal now.

When Neely, a classical singer, came to Game 4 of the American League Championship Series, he was grossly unprepared for the arrival of history. "Well, you didn't bring your glove again," said Richard Nixon to his friend Neely. "If one gets hit up to us, we're out of luck."

No ball had ever been hit into the fifth deck of a baseball stadium before. O.K., not many parks have a fifth deck. But what distinguished Canseco's homer was its height. The thing looked like it wanted to crawl out the 20-by-20-foot hole in the SkyDome roof where the retractable lid doesn't quite fit.

"It was like a bullet," said Robert Wier, Section 540 security guard.

Canseco may have had a little 0-for-24 postseason problem before getting four hits in his last seven at-bats against the Blue Jays.

But when Canseco gets all of one, he makes us remember the words of the Blue Jays pitcher John Cerutti, who said, "IBM obviously does not stand for Intelligent Baseball Measurement."

"His home run was something to watch. Unbelievable," said Rickey Henderson. "I think about 600 feet, really."

"The longest I've ever seen," said Dave Parker, putting it just ahead of Willie Stargell's accurately measured 535-foot homer off Wayne Twitchell in Olympic Stadium in 1978.

Canseco, like any Homeric slugger, disagreed. Perhaps one wants to have his best bolt behind him. Or maybe he really knows best.

Athletics Beat Jays, 6-5, For 3-1 Lead in Playoffs

By Steve Berkowitz

Washington Post Service

TORONTO — Game 4 of the American League Championship Series had Athletics written all over it.

Rickey Henderson hit a pair of two-run home runs, Jose Canseco almost became the first person to hit a ball out of an indoor stadium, and the first four batters in the Oakland Athletics' lineup went a

AL PLAYOFFS

collective 7 for 13 with four runs scored and six batted in.

Yet, there were the Blue Jays, putting the tying run on base in the eighth and ninth innings, making the closed SkyDome seem like an echo chamber.

That's what the Blue Jays will think about when they contemplate their 6-5 loss Saturday to the A's. Oakland moved within one victory of becoming the first team to win consecutive American League Championship Series since the New York Yankees did so in 1976, '77 and '78.

The AL series continued Sunday in Toronto.

"Even with the three home runs and all the other doodads, we could have beaten the Oakland A's today," Toronto's center fielder, Lloyd Moseby, said. "It could be the sign of a great team that they were able to slip, slide and get away. But this was something we let slip through our fingers."

The Blue Jays, who had 17 base runners, were one for 12 with runners in scoring position. They left 12 runners on base, three on third and two on second. George Bell and Fred McGriff, the Jays' RBI leaders this season, were a combined one for 10 and now are batting a combined 5 for 33 in the series.

"I think I need to go down to the Dominican and find my stroke because I sure don't have it here right now," said Bell, a native of the Dominican Republic. "With all the situations we had today, we could have scored 10 or 11 runs."

Oakland overcame the absence of third baseman Carney Lansford, who pulled his left hamstring running out a grounder in Friday night's game. Lansford, the American League's second-leading batter with a club-record .336 average, had been the leading batter in the playoff series with five hits in 11 at-bats (.455).

The Athletics also stole their 12th base of the series to surpass the championship series one-team record of 11, set by the National League Cincinnati Reds in 1975.

The record for most stolen bases by one team in any postseason event is 18, by the Chicago Cubs in the five-game 1907 World Series and by the Pittsburgh Pirates in the seven-game 1909 World Series.

Trailing 5-1 with one out in the sixth, Toronto got back into the game at the expense of starter Bob Welch and Rick Honeycutt.

Kelly Gruber, who entered the game in the sixth, hit his 10 at-bats, singled off Welch for the third consecutive time in the game and the sixth consecutive time this season. After Manny Lee flied out to left, Junior Felix doubled off the left-center field fence to bring home Gruber and make the score 5-2.

Next up was left-batter Moseby, who had gone two for three against the right-handed Welch. Oakland's manager, Tony La Russa, called for the left-handed Honeycutt, who had retired none of the six batters he faced in his first two appearances of the series. He walked Moseby on a 3-2 pitch, but got Mookie Wilson to ground into a force play.

The teams traded mirror-image runs in the seventh. Oakland scored on a two-out double by Dave Henderson and a single by Canseco, for what proved the decisive RBI; Toronto on a two-out double by Tooy Fernandez and a pinch-hit single by Pat Borders.

In the eighth, Lee reached base on a grounder to the mound and advanced on a groundout by Felix. After a wild pitch, Moseby walked again. Exit Honeycutt, enter Dennis Eckersley.

Wilson made the score 6-4 by outrunning a potential inning-ending double-play grounder to shortstop that allowed Lee to come home. Then, with Wilson running, McGriff grounded a single to right.

With minimal guidance one way or the other from third-base coach John McLaren, Wilson sped home, crossing the plate with a head-first slide to make it 6-5. Bell ended the inning with a fly to center.

Gruber singled on a two-strike pitch with two out in the ninth and pinch hitter Lee Mazzilli worked the count to 3-2 before Eckersley induced a pop to third for his second save of the series.

Blue Jays Come Back To Win Game 3

Malcolm Moran of The New York Times reported from Toronto:

The Blue Jays scored a comeback behind 7-3 victory over the Athletics on Friday night.

Toronto overcame an early three-run deficit, scoring four times in the fourth to take a lead and three more times in the seventh to create a margin for error.

Twice, in the sixth and seventh, the Blue Jays maintained their slim advantage by holding the Athletics without a run after allowing leadoff doubles.

Jimmy Key, the starter and winner for Toronto, retired three straight hitters after Dave Henderson began the sixth with a double off the wall in right-center. Then Jim Aker, who relieved Key to begin the seventh, stopped the top of the Oakland order after a pinch-hit double by Ken Phelps.

Rickey Henderson, who tied a post-season record with his seventh stolen base of the series, failed to advance Phelps with a weak grounder to third.

Lansford also grounded to third. Canseco, whose fourth-inning error in right field had been an important part of the Toronto rally to take the lead, then struck out to end the inning.

And when the Jays added three in the seventh, on a line-drive single by Felix, a bases-loaded walk to Moseby and Wilson's single, Henderson's dominance had been overcome by an efficient group effort.

Key had allowed just 27 walks in 216 innings this season, a league-leading average of 1.1 per 9 innings. Key exceeded that average before the first out of the game. They would be the only walks Key would allow, but they helped create Oakland's first early lead of the series.

Key walked Henderson, then walked Lansford, and the Blue Jays had a problem before the Athletics had a hit. The runners advanced on Canseco's fly out to right field, and Henderson scored on Mark McGwire's fly ball to right.

Two innings later, with one out, Henderson hit a hard grounder just inside third base and toward the left-field corner for a double.

Henderson had been successfully held at first by the left-hander's deceptive delivery. Key had temporarily limited Henderson's speed by creating a moment of hesitation with a motion that pointed close enough toward first to create an element of doubt. But the double had taken away the pitcher's advantage. Henderson needed just one pitch to exploit the situation.

He took off for third and stole the base, with a head-first slide, to tie the record of seven stolen bases in any post-season series.

Federation Cup Final: U.S. Meets Spain

Compiled by Our Staff From Dispatches

TOKYO — Martina Navratilova and Chris Evert each won matches Sunday as the top-seeded United States team beat defending champion Czechoslovakia, 2-0, and advanced to the finals of the Federation Cup, the women's equivalent to the Davis Cup.

The United States will meet second-seeded Spain, which beat unranked Australia, 2-0, on the hard courts of the Ariake Coliseum in Tokyo.

In the Spain-Australia contest, Conchita Martinez trounced Australian Elizabeth Smylie, 6-3, 6-2, and Arantxa Sanchez Vicario beat Anne Minter of Australia, 6-1, 4-6, 6-2.

The finals will be held Monday. Spain's 17-year-old prodigies — Sanchez Vicario, who is the French Open champion, and Martinez, who is ranked 10th in the world — have lost all their previous encounters with Navratilova and Evert. (See Scoreboard)

• In Basel, unseeded Jim Courier of the United States defeated Stefan Edberg, 7-6 (8-6), 2-6, 3-6, 6-0, 7-5 to win the Swiss Indoor championship on Sunday. Courier had upset Andres Gomez of Ecuador to advance to the final. Edberg beat Jimmy Connors, 6-1, 7-5, in the other semifinal.

• In Stuttgart, Ivan Lendl beat Miroslav Mecir, a fellow Czech, 6-3, 4-6, 4-6, 6-1, 6-4, in the final of the \$350,000 Stuttgart Classic on Saturday.

• In Brisbane, Sweden's Niclas Kroon defeated Australian Mark Woodforde in the final of the Queensland Open on Sunday. Kroon, ranked 127th in the world, won 4-6, 6-2, 6-4 and \$30,000.

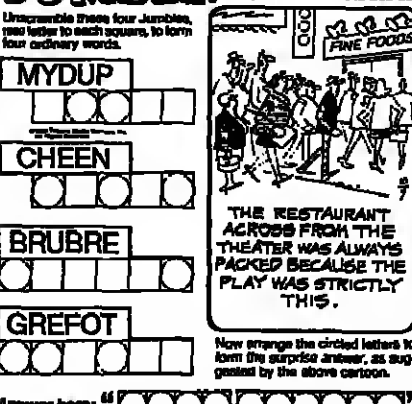
• In Orlando, Florida, Andre Agassi beat top-seeded Brad Gilbert in two sets on Sunday to win the \$415,000 Prudential-Bache Securities Tennis Classic. The 19-year-old Agassi swept Gilbert aside, 6-2, 6-1.

(AP, Reuters, AFP)

DENNIS THE MENACE

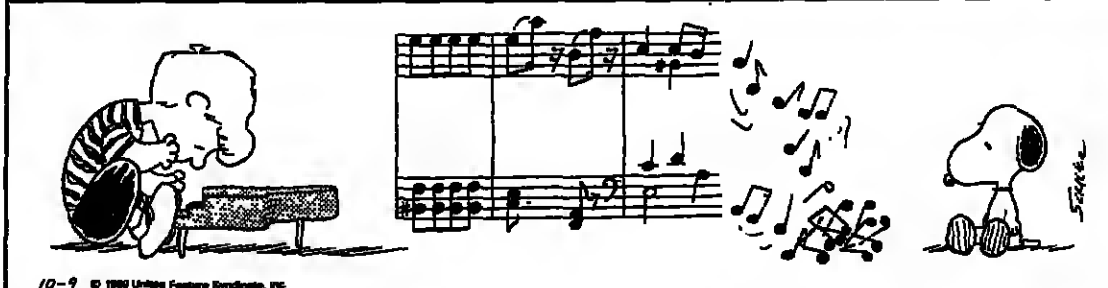


JUMBLE



Answer here: 44

PEANUTS



BLONDIE



BEETLE BAILEY



DOONESBURY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



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مكتبة النهر

Hot Quarterback Powers Colorado Past Missouri, 49-3

The Associated Press
In their first home game since the death of quarterback Sal Aunese of cancer two weeks ago, the Colorado Buffaloes melted on the field before the kickoff Saturday and pointed their fingers skyward in observing a moment of silence.

It was the only time they stood still all day.
Generating 595 total yards and averaging 8.1 yards per play, the Buffs, ranked No. 3 in The Associated Press poll of sportswriters and broadcasters, ran and passed their way to a 49-3 romp over Missouri in Boulder, Colorado.

Sophomore Darin Hagan, Aunese's successor, was brilliant. Hagan ran for three touchdowns less than 10 minutes into the game, and he accounted for 262 total yards before leaving the game late in the first half with the Buffs ahead 35-0. Hagan hit 6-of-6 passes for 156 yards.

No. 1 Notre Dame 27, Stanford 17; In Stanford, California, Rocket Ismail ran a kickoff back 66 yards in the third period, setting up a tie-

breaking touchdown that carried the Irish past surprisingly tough Stanford.

No. 2 Miami 56, Cincinnati 0; In Miami, first-time starter Gino Torretta threw for 239 yards and three touchdowns, including an 88-yarder to Wesley Carroll that tied Vinny Testaverde's school record.

No. 4 Nebraska 58, Kansas State 7; In Lincoln, Kan. Clark, Bryan Carpenter and Jon Bonick scored two touchdowns each.

No. 5 Michigan 24, Wisconsin 24; In Ann Arbor, Wisconsin held Michigan's offense scoreless in the first half, but the Wolverines got touchdowns on their first two second-half possessions.

No. 6 Tennessee 17, Georgia 14; In Knoxville, Reggie Cobb rushed for 106 yards, including a 26-yard touchdown on the first play of the fourth quarter, and the Vols' defense held off a late Bulldogs drive.

No. 7 Arkansas 43, Texas Christian 19; In Fort Worth, Texas, fullbacks Barry Foster and JuJu Harshaw scored two touchdowns each.

No. 8 Pittsburgh 27, Temple 3; In Philadelphia, Alex Van Pelt threw for 181 yards and three touchdowns, and Pittsburgh took advantage of six turnovers. Pitt had three interceptions and three fumble recoveries.

Virginia Tech 12, No. 9 West Virginia 10; In Morgantown, West Virginia, Mickey Thomas kicked four field goals for Virginia Tech, which held Major Harris to 101 yards passing.

No. 9 Southern Cal 24, Washington 16; In Los Angeles, Todd Marino threw for one touchdown and ran for another for USC. The Trojans put the Huskies away with a 69-yard drive in the final minutes.

No. 11 Auburn 24, Kentucky 12; In Lexington, Reggie Slack passed for two first-quarter touchdowns for Auburn. Kentucky blew three opportunities inside the Tigers' 30.

No. 12 Houston 66, Baylor 10; In Houston, Andre Ware threw for six touchdowns, four to Manny Hernandez, and set the Southwest Conference record for career scoring passes. Hazard set a conference record for most touchdown receptions in a game.

No. 13 Alabama 62, Mississippi 27; In Jackson, Mississippi, Alabama scored 62 straight points after trailing 21-0, and Gary Hollingsworth threw a school-record five touchdown passes.



ROUGH SPOT—Glen Wesley of the Boston Bruins is checked by Greg Adams of the Quebec Nordiques during play on the National Hockey League's first week of the season. Quebec's 4-1 victory included a goal by the veteran Guy Lafleur. For NHL line scores, see Scoreboard.

No. 14 North Carolina State 35, Middle Tennessee 14; In Raleigh, Greg Manior rushed for two touchdowns, and Shane Montgomery passed for 177 yards.

No. 15 Clemson 34, Virginia 20; In Clemson, South Carolina, Chris Morocco threw for two touchdowns and ran for a third. Clemson led 17-0 at the half, but Virginia tied it on its first play of the third period when Matt Blundin threw a 75-yard pass play to Herman Moore. The Tigers answered with an 80-yard drive.

No. 16 Oklahoma 37, Oklahoma State 15; In Norman, Mike Gaddis ran for 274 yards and three touchdowns.

No. 17 Illinois 34, Ohio State 14; In Champaign, Illinois, Howard Griffith ran for two touchdowns, and wide receiver Steve Williams fired a surprise scoring bomb to Mike Bellamy for Illinois. Williams took a handoff from Griffith on a reverse and passed.

No. 22 Florida State 41, No. 17 Syracuse 10; In Syracuse, Terrell Buckley returned a punt 69 yards for a touchdown, and LeRoy Butler scored on an 87-yard interception return for FSU.

Texas Tech 27, No. 19 Texas A&M 24; In Lubbock, Jamie Gill

threw a 35-yard touchdown pass to Travis Price with 50 seconds left. Tech made up a 10-point deficit in the final six minutes.

No. 20 Air Force 35, Navy 10; In Annapolis, three key passes from Dee Dows to Steve Seann, two of them for touchdowns, ignited Air Force. Dows came into the game the nation's leading rusher, averaging 145.8 yards, but was held to 74 yards on nine carries.

No. 21 Washington State 51, No. 23 Oregon 38; In Eugene, Washington State's Steve Broussard rushed for 203 yards and scored three touchdowns.

No. 24 Michigan State 17, Iowa 14; In Iowa City, Tico Duckett ran for a touchdown and set up another.

No. 25 UCLA 33, Arizona State 14; In Pasadena, Bret Johnson threw two touchdown passes and Alfredo Velasco kicked four field goals.

Jockey Wins in Dublin, Then Paris

Compiled by Our Staff From Dispatches
PARIS — Carroll House on Sunday won the Prix de l'Arc de Triomphe, Europe's most prestigious horse race, after stewards decided he had not interfered with second-placed Euthra.

Michael Kearney rode Carroll House, trained at Newmarket in England by Michael Jarvis, in the 12-furlong (2.4-kilometer) race, one and a half lengths ahead of Alain Lequeux on Behara. Saint Andrews, ridden by Eric Legrix, was third.

Going into the final 200 meters Carroll House wandered from a straight line and impeded Lequeux, forcing him to slow down. By the time Lequeux recovered, Carroll House was well away. The stewards decided the interference was not sufficient to reverse the result.

Carroll House paid just over \$1.8 million on the race for three-year-olds and upwards colts and fillies. The victory was worth about \$780,000 and completed a remarkable weekend for Kineane, who on Saturday won the Carriar Million race for two-year-olds at Phoenix Park in Dublin, riding The Caretaker.

(Reuters, AFP)

The Bears Are Beaten: Tampa Delivers, 42-35

Compiled by Our Staff From Dispatches

Vinny Testaverde, rebounding from last week's embarrassing performance, threw for 269 yards and three touchdowns Sunday in Tampa, Fla., and the Tampa Bay Buccaneers ended a 12-game losing streak to Chicago with a 42-35 triumph over the previously unbeaten Bears.

The Buccaneers (3-2) hadn't beaten Chicago since a 26-23 over-

scrambled seven yards to the two-yard line to set up Anthony Tony's winning TD run with 2:18 left. Cunningham finished with 10 of 24 for 106 yards while Simms went 21 of 39 for 241 yards.

Patriots 23, Oilers 13; In Foxboro, Massachusetts, John Stephens, sidelined the previous two games, sparked New England's offense, and the defense held off the American Football Conference's highest-scoring team.

Greg Davis added three field goals as the Patriots, who began the game as the AFC's lowest-scoring team, matched their point total for their previous three games.

Stephens, returning from an ankle injury, played key roles in New England's first three scoring drives, then ran for an 11-yard touchdown that made the score 20-3 with 5:58 left in the third quarter.

The Bills' first touchdown, a 16-yard pass from Jim Kelly to Andre Reed late in the third quarter, was the first TD allowed by the Colts' defense in 11 quarters. Kelly, however, suffered a separated left shoulder on the play and was replaced in the final period by Frank Reich, who passed 18 yards to Kenneth Davis for the Bills' second touchdown with five minutes to go.

Packers 31, Cowboys 13; In Green Bay, Wisconsin, Don Majkowski threw four touchdown passes, including a go-ahead 79-yarder to Sterling Sharpe. The loss gave Dallas its worst start since 1960.

Green Bay took a 17-13 halftime lead after Majkowski and Sharpe connected on the 79-yard pass-and-run play with 59 seconds to go.

Dallas led twice in the first half but couldn't catch the Packers in the second behind rookie quarterback Steve Walsh, who was making his first NFL start.

Green Bay had 501 yards total offense, including 119 yards rushing by Brent Fullwood.

Majkowski, who was 21-for-32 for 313 yards, passed to Herman Foutener twice for touchdowns. Sharpe made an over-the-shoulder catch at the Dallas 45 and then outran Ron Francis and Ray Horton for the score.

Walsh finished 18 of 29 for 193 yards with one interception.

Bengals 26, Steelers 16; In Pittsburgh, Boomer Esiason directed a pair of 80-yard scoring drives on a gimpy ankle, and James Brooks ran for two fourth-quarter touchdowns.

The Bengals got two short-range field goals from Jim Breech and withstood a missed Breech fourth-quarter extra point to rally from 7-0 and 10-6 deficits.

Esiason hit Mike Martin on a 7-yard scoring pass with eight seconds left in the first half, then scrambled 24 yards on a broken play to set up James Brooks' go-ahead 13-yard touchdown run early in the fourth quarter.

Dolphins 13, Browns 10; In Miami, rookie Pete Stoyanovich, who missed a 45-yard field goal with three seconds left in regulation time, kicked a 35-yarder in overtime to give the Dolphins the victory.

The winning kick capped a 55-yard drive on Miami's first possession of overtime. Cleveland took the kickoff to start overtime and drove 46 yards, but Matt Bahr was wide left on a 44-yard field goal attempt. Two third-and-long passes from Dan Marino to Fred Betsworth set up the winning kick.

Miami's two previous home games this season, both losses, were also decided on the final play. The Dolphins improved to 2-3 while Cleveland fell to 3-2.

Vikings 24, Lions 17; In Minneapolis, Mike Merriweather and Isaac Holt returned interceptions for touchdowns. Minnesota scored 24 points in the second quarter with the help of returns of Eric Hipple passes.

Merriweather returned his interception 15 yards and Holt dashed 90 yards for a score.

Minnesota improved to 3-2 and Detroit is at 0-5.

Hipple completed 7 of 18 for 90 and threw three interceptions. He was also sacked five times before being replaced by Bob Gagliano in the fourth period.

(AP, UPI)

PRO FOOTBALL

time victory on Jan. 2, 1983. Tampa Bay won a 28-7 advantage before the Bears launched a furious comeback bid in the National Football League game.

Chicago (4-1) pulled within 28-21 when Mike Tomczak found Thomas Sanders on a 16-yard TD pass with 9:31 remaining in the third period. Maury Buford, whose poor first-quarter punts paved the way for a pair of Tampa Bay scores, slunked in a 13-yarder on the Chicago 44 early in the final quarter and Larry Tate made the Bears pay by dashing 16 yards off right tackle for a TD.

Tate added a 4-yard scoring run with 6:46 remaining to make the score 42-21 before reserve quarterback Jim Harbaugh provided some tense moments with a 36-yard TD scramble and an 83-yard drive capped by Neal Anderson's third score of the game.

Anderson's 1-yard plunge with 49 seconds left again pulled the Bears within a touchdown, but the Buccaneers recovered an onside kick and ran out the clock.

Testaverde, who completed just 6 of 23 passes for 82 yards in last week's 17-3 loss at Minnesota, was superb against a Chicago defense missing several injured regulars.

Eagles 21, Giants 19; In Philadelphia, Randall Cunningham, shut down for most of the game, ran for two touchdowns and drove the Eagles 81 yards for the winning score with 2:18 left in the game, handing New York its first defeat.

The Giants (4-1) held a 19-14 lead, courtesy of four Raul Allegre field goals and a 22-yard pass from Jeff Hostetler to Carl Banks on a fake field goal, when Cunningham began the winning drive with 5:59 left. Until that point, he was just 7 of 19 for 47 yards.

But he hit Greg Carter for 23 yards, Mike Quick for 21 and Gregg Garrity for 15 for a first down at the Giants' 15.

Then, on third-and-four, he

SIDELINES

Soviets Stalled in World Cup Drive

KARL-MARX-STADT, East Germany (AP)—East Germany spoiled the Soviet Union's bid to clinch a berth in the World Cup soccer finals with a 2-1 victory in a European Group 3 qualifying match Sunday.

But the Soviet Union, a finalist in last year's European Championships, still needs only a tie in its last game, a Nov. 8 home match against Turkey, to advance to next summer's world championship in Italy.

East Germany, which had a weak start in the tournament, lifted itself into third place in the group standings with seven points from seven games. Austria has the same points with one fewer game played and a better goal differential. The Soviet Union leads with nine points from seven games. East Germany can qualify for the finals by winning its last contest Nov. 15 at Austria. Two teams will qualify from the group, which also includes Iceland.

UEFA Penalizes Prague Soccer Team

BERN (Reuters)—Sparta Prague, a Czechoslovak soccer club, has been barred from playing its next European Cup match at home because of the rowdy behavior of its fans in the against Ferencbahse Istanbul.

The European Football Union announced the ban on Sunday after a two-day meeting of its control and disciplinary committee in Zurich. UEFA said that aggressive behavior by Sparta supporters at the Sept. 13 home match had made frightened Turkish fans to flee onto the field during the halftime break, delaying the resumption of play.

Sparta was ordered to play its European Cup second-round first-leg match against CFKA Sofia of Bulgaria on Oct. 18 at least 300 kilometers (185 miles) from Prague.

Kelly Clinches Cycling's World Cup

TOURS, France (AP)—Jelle Nijdam of the Netherlands won the Paris-Tours cycling classic with a sprint in the final stretch of the 258.5-kilometer (160-mile) race.

The race counts for the first World Cup. Ireland's Sean Kelly clinched the overall crown with one race left as he finished seventh Saturday. That gave him 44 points for the season, 17 ahead of Sorensen. The Tour of Lombardy on Oct. 14 finishes the season's World Cup in cycling and the winner receives 16 points.

For the Record

Fabrice Beuchon of France retained his International Boxing Federation junior featherweight championship on Saturday with a unanimous 12-round decision over Ramon Cruz of Puerto Rico in Bordeaux. (AP)

The suspended three-month ban on cycling's Laurent Fignon after a positive test for amphetamines has been called "ridiculous" compared to his act of cheating. The comment was made by the French sports minister, Roger Babo. Fignon tested positive after finishing second with his Super U team in a race in the Netherlands last month. (AP)

Jansher Khan of Pakistan fought back from two games down to recapture his world open squash title on Saturday with a 10-15, 6-15, 15-4, 15-11, 15-10 victory over Chris Dittmar of Australia in the final in Kuala Lumpur, Malaysia. (Reuters)

Quotable

● Oddsman Danny Sheridan, on the New York Jets' coach, Joe Walcott: "He's in the seventh year of a five-year rebuilding plan." (LAT)

SCOREBOARD

BASEBALL

AL Playoffs: Game 3

OAKLAND	DETROIT
1st 2-1	2nd 2-1
3rd 2-1	4th 2-1
5th 2-1	6th 2-1
7th 2-1	8th 2-1
9th 2-1	10th 2-1
11th 2-1	12th 2-1
13th 2-1	14th 2-1
15th 2-1	16th 2-1
17th 2-1	18th 2-1
19th 2-1	20th 2-1
21st 2-1	22nd 2-1
23rd 2-1	24th 2-1
25th 2-1	26th 2-1
27th 2-1	28th 2-1
29th 2-1	30th 2-1
31st 2-1	32nd 2-1
33rd 2-1	34th 2-1
35th 2-1	36th 2-1
37th 2-1	38th 2-1
39th 2-1	40th 2-1
41st 2-1	42nd 2-1
43rd 2-1	44th 2-1
45th 2-1	46th 2-1
47th 2-1	48th 2-1
49th 2-1	50th 2-1
51st 2-1	52nd 2-1
53rd 2-1	54th 2-1
55th 2-1	56th 2-1
57th 2-1	58th 2-1
59th 2-1	60th 2-1
61st 2-1	62nd 2-1
63rd 2-1	64th 2-1
65th 2-1	66th 2-1
67th 2-1	68th 2-1
69th 2-1	70th 2-1
71st 2-1	72nd 2-1
73rd 2-1	74th 2-1
75th 2-1	76th 2-1
77th 2-1	78th 2-1
79th 2-1	80th 2-1
81st 2-1	82nd 2-1
83rd 2-1	84th 2-1
85th 2-1	86th 2-1
87th 2-1	88th 2-1
89th 2-1	90th 2-1
91st 2-1	92nd 2-1
93rd 2-1	94th 2-1
95th 2-1	96th 2-1
97th 2-1	98th 2-1
99th 2-1	100th 2-1

AL Playoffs: Game 4

OAKLAND	DETROIT
1st 2-1	2nd 2-1
3rd 2-1	4th 2-1
5th 2-1	6th 2-1
7th 2-1	8th 2-1
9th 2-1	10th 2-1
11th 2-1	12th 2-1
13th 2-1	14th 2-1
15th 2-1	16th 2-1
17th 2-1	18th 2-1
19th 2-1	20th 2-1
21st 2-1	22nd 2-1
23rd 2-1	24th 2-1
25th 2-1	26th 2-1
27th 2-1	28th 2-1
29th 2-1	30th 2-1
31st 2-1	32nd 2-1
33rd 2-1	34th 2-1
35th 2-1	36th 2-1
37th 2-1	38th 2-1
39th 2-1	40th 2-1
41st 2-1	42nd 2-1
43rd 2-1	44th 2-1
45th 2-1	46th 2-1
47th 2-1	48th 2-1
49th 2-1	50th 2-1
51st 2-1	52nd 2-1
53rd 2-1	54th 2-1
55th 2-1	56th 2-1
57th 2-1	58th 2-1
59th 2-1	60th 2-1
61st 2-1	62nd 2-1
63rd 2-1	64th 2-1
65th 2-1	66th 2-1
67th 2-1	68th 2-1
69th 2-1	70th 2-1
71st 2-1	72nd 2-1
73rd 2-1	74th 2-1
75th 2-1	76th 2-1
77th 2-1	78th 2-1
79th 2-1	80th 2-1
81st 2-1	82nd 2-1
83rd 2-1	84th 2-1
85th 2-1	86th 2-1
87th 2-1	88th 2-1
89th 2-1	90th 2-1
91st 2-1	92nd 2-1
93rd 2-1	94th 2-1
95th 2-1	96th 2-1
97th 2-1	98th 2-1
99th 2-1	100th 2-1

NL Playoffs: Game 3

CHICAGO	SAN FRANCISCO
1st 2-1	2nd 2-1
3rd 2-1	4th 2-1
5th 2-1	6th 2-1
7th 2-1	8th 2-1
9th 2-1	10th 2-1
11th 2-1	12th 2-1
13th 2-1	14th 2-1
15th 2-1	16th 2-1
17th 2-1	18th 2-1
19th 2-1	20th 2-1
21st 2-1	22nd 2-1
23rd 2-1	24th 2-1
25th 2-1	26th 2-1
27th 2-1	28th 2-1
29th 2-1	30th 2-1
31st 2-1	32nd 2-1
33rd 2-1	34th 2-1
35th 2-1	36th 2-1
37th 2-1	38th 2-1
39th 2-1	40th 2-1
41st 2-1	42nd 2-1
43rd 2-1	44th 2-1
45th 2-1	46th 2-1
47th 2-1	48th 2-1
49th 2-1	50th 2-1
51st 2-1	52nd 2-1
53rd 2-1	54th 2-1
55th 2-1	56th 2-1
57th 2-1	58th 2-1
59th 2-1	60th 2-1
61st 2-1	62nd 2-1
63rd 2-1	64th 2-1
65th 2-1	66th 2-1
67th 2-1	68th 2-1
69th 2-1	70th 2-1
71st 2-1	72nd 2-1
73rd 2-1	74th 2-1
75th 2-1	76th 2-1
77th 2-1	78th 2-1
79th 2-1	80th 2-1
81st 2-1	82nd 2-1
83rd 2-1	84th 2-1
85th 2-1	86th 2-1
87th 2-1	88th 2-1
89th 2-1	90th 2-1
91st 2-1	92nd 2-1
93rd 2-1	94th 2-1
95th 2-1	96th 2-1
97th 2-1	98th 2-1
99th 2-1	100th 2-1

Playoff Schedule

Game	Time
1	7:00 p.m.
2	7:00 p.m.
3	7:00 p.m.
4	7:00 p.m.
5	7:00 p.m.
6	7:00 p.m.
7	7:00 p.m.
8	7:00 p.m.
9	7:00 p

Golo Mann: A Life in the Shadow of the Magician

By Henry Tanner

International Herald Tribune

KILCHBERG, Switzerland — Golo Mann, the last surviving son of Thomas Mann, had a "miserable childhood," according to his autobiography, which was published in German three years ago and is now scheduled to appear in English in New York and London.

In an interview at his home in Kilchberg, above Zurich, in the house where Thomas Mann had spent his last years, Mann made it clear that it was life in the shadow of his imperious father that made him unhappy, more so than living through the ugly years of Hitler's rise to power as the subtitle of the book, "Growing Up in Germany," might suggest.

"I don't mean to say that the house lacked interest or that we did not have pleasant times. But I was never happy there," he said.

"The worst was dinner. My youngest brother Michael once told me that as a child, when he had dinner alone with father, he would write down subjects of conversation ahead of time. I laughed and told him I had done the same. One had to think of something because father took no responsibility for the conversation whatsoever. He did not know how painful it was when he sat there in total silence.

"He didn't know and he didn't care. He might as well have eaten alone but he didn't want to; it was the patriotic side of him. He wanted to sit at the head of the table and drink beer from an antique goblet.

"Father was most impressive when he read to us aloud, mostly the Russians, Dostoevsky and others, but also his own. I was 14 when I had the good fortune of listening in the last chapters of 'The Magic Mountain.' He read magnificently.

"I still cry when I re-read certain passages of 'The Magic Mountain.' Sometimes he mimicked the characters and we all laughed endlessly."

Golo Mann, who celebrated his 80th birthday earlier this year, is a historian. He is the author of a respected "History of Germany in the 19th and 20th Centuries" and of "Wallenstein," a biography of the 17th-century general who was the hero of a dramatic trilogy by Schiller, as well as other books and many essays.

He was overshadowed in his formative years by his brilliant and much more outgoing brother and sister, Klaus and Erika, three and four years older, respectively. They were full of life and turned the old family villa in Munich upside down and were able to involve "the magician," as father Thomas was called by the children, in their mischief. When they left home, they gained instant prominence, singly and as a team, on the literary and theatrical scene in Berlin and were outspoken early opponents of the Nazis when Golo was still a student.

"I am a rather melancholy person and was not made for happiness," Golo Mann said in the interview.

His book, though less dramatic than the autobiography that Klaus wrote in the 1940s and less cozy than a remembrance dictated by his mother late in life, is a highly personal, thoughtful addition to the large and intricate family history that this



Golo Mann's autobiography, subtitled "Growing Up in Germany," is coming out in English.

unique clan of writers has been putting on the record since the turn of the century. Golo Mann, in the book as well as in life, goes his own way and does not elaborate on the accounts of the others, including Thomas Mann himself.

The book ends with the family's emigration from Germany in 1933. A second volume was planned but the author is not sure he wants to go through with it.

Although he would not put it like this, Golo Mann has been an outsider most of his life: in his family to some extent, at the university while Hitler was marching to power and during the family's exile in California, where he says he "stayed much too long." Even as a historian later in life he stayed outside the established circle of German historians, saying that their disputes about German guilt and "coming in terms with the past" simply do not interest him.

When he returned to Europe from the United States, he did not go to Germany but made his home in Switzerland, where Thomas Mann and his wife had settled down. The brass plate at his door still reads THOMAS MANN. He has been teaching at several German universities but over lived there, a personal rather than political choice.

The happiest time of his life, he says, were the first 10 years after sixty. "I had this house, a cabin really, in the mountains in southern Switzerland, far above a little village, and my friends came there and we went hiking, listened to music and talked. And I had a lovely Labrador retriever."

"Wandering," getting away from it all for days of hiking and reflection, has been important in him all his life.

In California, he was "happy only when I went wandering in the Sierras." He taught history but his main achievement, he says only half-jokingly, was to introduce his friends to "wine and wandering."

The adolescent in his memoir is forever carrying heavy suitcases full of scholarly books to remote country inns where he studies and, in between, takes off for epic walks through the countryside. He buries himself in philosophy and history and disapproves of the flamboyance of Klaus and Erika and their friends and their drinking parties.

Klaus took his life in 1949. Erika died in 1969. "Klaus had much more zest for life and took life on more courageously than I; and he was more optimistic; it was his disappointed optimism that brought him down; he wore himself out quickly and burnt himself out," says Golo Mann. Among Klaus Mann's disappointments were the breakup of the anti-Nazi alliance after the war and the fact that he could not get his books published in Germany.

Surrounded and preceded by writers, uncle Heinrich Mann as well as father Thomas and Klaus, Golo Mann adopted the family vocation late in life.

"It is possible that I was able to become a serious writer only after Klaus had disappeared," he writes

in his memoir. "Possible, I say. If there is such a connection, I was not conscious of it."

"Even though he died at 42, he wrote more than I have written up till now," Golo Mann wrote at nearly double the brother's age. "We had different talents and ambitions . . . and this is why, thank God, we never had the painful relations that existed between my father and his brother Heinrich all their lives."

Klaus and Erika were the political members of the family. When Thomas Mann was slow in making up his mind to challenge the Nazis publicly, Klaus resented the father's hesitation as "shilly-shallying." Erika acted in an anti-Nazi political cabaret she had founded and for which she wrote the skits along with Klaus and others. The cabaret opened just before Hitler came to power. It had to close almost immediately and provoked the first Nazi attacks against the family.

Young Golo, too, took on the Nazis as a young student before 1933 but in his own quiet way in discussion groups and academic journals.

"Klaus and Erika were more far-sighted than I," writes Golo Mann, adding in a rare exaggeration: "The truth is I did not foresee a thing."

Before leaving Germany to join the rest of the family abroad, he managed to smuggle father's Nobel Prize money out of the country with the help of a young Frenchman called Raymond Aron and the French ambassador in Berlin, André François-Poncet.

But when the father, by now branded as a major enemy by the Nazis and living in Zurich, asked that his notebooks be shipped to him from Munich, Golo entrusted the precious suitcase to the family driver, who promptly took it to the Gestapo.

Just as he had been less sanguine as a child, Golo Mann could not share the partisan passions of his brother and sister after the war. He was put off by Erika's performance in Nuremberg, where she appeared in American uniform, triumphant and avenging, during the war crimes trials.

And he recalls that when a fellow professor confessed to him that he had written "awful things" about Thomas Mann under the Nazis, he answered, "We were all young once; all this is no longer important." Neither Klaus nor Erika could have said that.

"My nephew Frido, the son of Michael, is a writer," says Golo Mann. "His first novel was not much but his second, on which he is working now, will be very good."

Frido Mann, 49, teaches psychiatry in West Germany and is just now supervising the editing of Klaus Mann's diaries, which are due to appear in West Germany for the first time.

Golo Mann seems relieved at being rid of the burden of being the last of family of famous writers. He has been known as Thomas Mann's son all his life. And the other day a man in a Zurich streetcar made him angry by asking if he was Thomas Mann's brother, which would make him a hundred years old at least.

"One day they will say I am the uncle of Frido Mann," he says, smiling.

Going Into Shockery

By William Safire

Washington

WASHINGTON — In 1928, when the Ivory Soap slogan "It Floats" was being drilled into the American consciousness, The New Yorker magazine ran a cartoon by Ghyas Williams of a bunch of hatted executives and hair-pulling copywriters running around a pool; it was captioned "The day a cake of soap sank at Procter & Gamble's."

The same image strikes me now in reading the copy in the New Yorker. That citadel of style, that fortress of proper prose — now under new management — has become an open house of grammatical laxity and with-it usage.

This is not all bad. I spotted two sentences beginning with *This* in recent pieces for "The Talk of the Town," which caused me to turn to a little book called "The Elements of Style" by William Strunk Jr., which was revised and transformed into a best-selling guide by The New Yorker's E. B. White. "The pronoun *this*, referring to the complete sense of a preceding sentence or clause," wrote the stylistic guru, "can't always carry the load and so may produce an imprecise statement." This is sometimes true, but the Strunk-White warning about beginning with *this* has been carried out too strictly, and it's good to see The New Yorker copy editors eschewing rigidity.

But some of the usage now tolerated, even encouraged, sends me of us to a shockery. (You've never been to a shockery?) In "Goings On About Town" department, which bids fair to become the "How's-That-Again?" department, we find the phrase "sixties anti-establishment shockery." Far be it from me to knock neologisms, but it was never a staple of New Yorker style.

For example, the noun *venue* is a favorite. "In choosing this *venue*," the inscrutable Dylan had again put his followers to the test; in "Goings On," a number of actors are said to "do that *venue* proud." The word means "place of action or occurrence" and is best known in law when defendants ask for a change of *venue*; the use of the term as a synonym for *locale* or *site* is not incorrect, but a strict stylist would resist the frequent use of an archaic term in an unfamiliar sense.

Take *schmooze*. "Then he bonked off to schmooze among the

guests." This is a Yiddishism for "chat," rooted in the Hebrew *shama'ach*, "news, rumors." The verb has a nice flavor of "shoot the breeze," less formal than *converse* and more sensible than *prattle*, but somehow I never expected to encounter Yiddishisms outside of quotation marks in the publication symbolized by Eustace Tilley.

The breezy acceptance of vernacular is also a departure for the magazine. For instance, two people in a picture being described "as bookended by two pieces" of statuary. "An attempt to *traverse* a whole Zeigist or narrative mode in a play review really seems to make a travesty (much more frequent as a noun rooted in a sense of 'vest,' 'to dress in disguise') out of stylistic standards.

As for *really*, the magazine's prose is studded too often with this *la-di-da* qualifier. "Avoid the use of qualifiers," advised Strunk and White, who were really right.

Kind of is another example: "The decorator went kind of hog-wild." Strunk-White urges restriction of *kind of* to the literal sense, as in "Editors detect this kind of criticism." The exception comes when "kind of" style is used. Some elements of style such as punctuation can be argued about — *Fellini-esque*, along with *antiestablishment*, seems to call for a hyphen, though it's not settled law in this venue — but the editorial decision to change to a familiar style does not justify a descent into sloppiness.

Outright mistakes are too easy to find. In a recent issue: "It is only those drugs which are illegal, that inspire the present public furor." The which is wrong; the absence of a comma in front of it should have sent a warning signal to the writer. That is defining or restrictive, which is not. The writer probably wanted to avoid two uses of *that* too close together, as in "those drugs that are illegal that inspire." Yes, that's confusing, he or she should have recast the sentence. "It would be a convenience to all," wrote Strunk-White. "If these two pronouns were used with precision."

You have to tighten up to effectively loosen up. Writers redefining their audience and their times are obliged to separate what is freshly permissible from what is simply permissible, but hang tough on clarity, precision, structure, grace.

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